海昌海洋公园控股有限公司

HAICHANG OCEAN PARK HOLDINGS LTD.

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 2255

Annual Report 2015

CONTENTS

COMPANY PROFILE

Listed on the Main Board of The Stock Exchange of Hong Kong Limited in March 2014, Haichang Ocean Park Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group") is the leading developer and operator of theme parks in China. With over a decade of experience in animal breeding and conservation, marine theme park development and operation, the Company has consistently ranked as one of the top ten theme park operators worldwide for consecutive years. The Company's theme parks provide a one-stop sightseeing, entertainment, leisure, dining and shopping experience to its customers through both the in-park offerings and complementary services offered by the ancillary commercial properties adjacent to the theme parks. The Company currently operates eight theme parks located in Dalian, Qingdao, Tianjin, Yantai, Wuhan, Chengdu and Chongqing respectively, which including six ocean theme parks, one adventure theme park, and one water world. Besides, there are two major flagship projects under construction in Shanghai and Sanya. China's theme park industry possesses enormous growth potential. For the twelve months ended 31 December 2015, the admission attendance of the eight theme parks of the Group increased to 12.31 million visitors. Haichang Ocean Park has had over 80 million visitors since 2002.

Haichang Ocean Park has been included as a constituent of the Hang Seng Family of Indexes, and has been included by Morgan Stanley Capital International (MSCI) as a constituent of the MSCI Global Small Cap Indexes in 2H 2014.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Xuguang (王旭光) *(Chief Executive Officer)*
Zhao Wenjing (趙文敬) *(Joint President)*
Qu Naiqiang (曲乃強) *(Joint President)*

Non-executive Directors

Qu Naijie (曲乃杰) *(Chairman)*
Makoto Inoue (井上亮)
Yuan Bing (袁兵)

Independent Non-executive Directors

Fang Hongxing (方紅星)
Sun Jianyi (孫建一)
Xie Yanjun (謝彥君)

HONORARY CHAIRMAN

Yoshihiko Miyauchi (宮內義彥)

COMPANY SECRETARY

Xing Jun (HKICS, ICSA)

AUTHORISED REPRESENTATIVES

Wang Xuguang
Xing Jun (HKICS, ICSA)

LEGAL ADVISORS

As to Hong Kong Law
Kwok Yih & Chan

As to PRC Law
Liaoning Think Tank Law Firm

AUDITOR

Ernst & Young
Certified Public Accountants

AUDIT COMMITTEE

Fang Hongxing (Chairman)
Sun Jianyi
Xie Yanjun

REMUNERATION COMMITTEE

Sun Jianyi (Chairman)
Wang Xuguang
Fang Hongxing

NOMINATION COMMITTEE

Qu Naijie (Chairman)
Sun Jianyi
Xie Yanjun

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

Yuan Bing (Chairman)
Fang Hongxing
Xie Yanjun

INDEPENDENT BOARD COMMITTEE

Sun Jianyi (Chairman)
Fang Hongxing
Xie Yanjun

HEAD OFFICE IN THE PRC

No.1, Lianjing Garden, Huale Street
Zhongshan District
Dalian, Liaoning Province
PRC

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2606-2607, 26/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

The Export-Import Bank of China, Liaoning Branch
China Construction Bank Corporation,
Dalian Zhongshan District Branch
Industrial and Commercial Bank of China,
Dalian Economic and Technological Development
Zone Branch
Industrial and Commercial Bank of China,
Qingdao South 4th Branch
Industrial and Commercial Bank of China,
Wuhan East Lake District Branch
Industrial and Commercial Bank of China,
Chengdu Hi-tech Industrial Development Zone Branch
Industrial and Commercial Bank of China,
Tianjin Economic Development Zone Branch
Bank of Dalian, First Central Branch
China Merchants Bank, Dalian Branch
China Construction Bank (Asia) Corporation Limited
BNP Paribas, Hong Kong Branch

STOCK CODE

2255

COMPANY WEBSITE

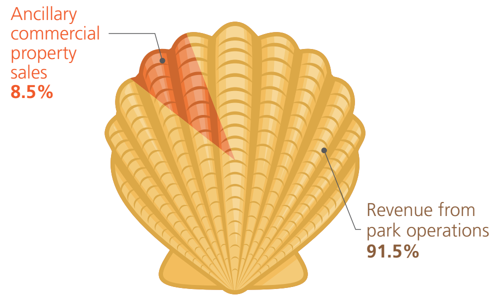
http://www.haichangoceanpark.com

FINANCIAL HIGHLIGHTS

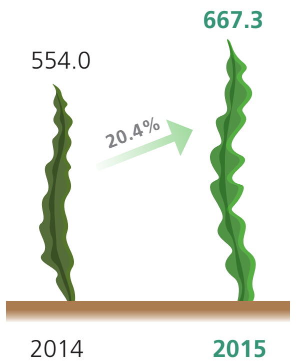
- Revenue from park operations increased by approximately 11.7% to approximately RMB1,295.8 million
- Profit for the year increased by approximately 18.2% to approximately RMB250.0 million
- Profit attributable to equity holders of the parent increased by approximately 20.1% to approximately RMB230.6 million

Revenue from park operations (RMB Million)

Revenue per segment



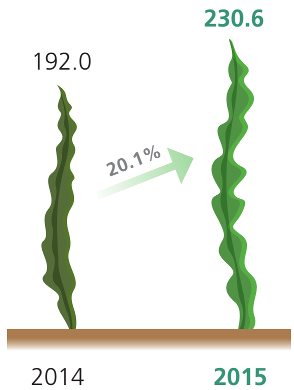
EBITDA of park operations (RMB Million)



Ticket Attendance (Million)

Profit (RMB Million) *(Audited)*

Profit attributable to owners of the parent company (RMB Million)



FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

	For the year ended 31 December				
	2011 *RMB'000*	2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*	**2015** ***RMB'000***
Results					
Revenue	904,687	1,112,884	1,378,297	1,531,386	**1,416,827**
Gross profit	372,493	460,702	589,305	673,617	**786,465**
Profit before tax	141,568	210,829	217,194	375,368	**463,032**
Income tax expenses	(70,983)	(115,628)	(89,094)	(163,893)	**(213,056)**
Profit after tax for the year	70,585	95,201	128,100	211,475	**249,976**
Attributable to:					
Owner of the parent	50,621	73,006	108,393	191,984	**230,622**
Non-controlling interests	19,964	22,195	19,707	19,491	**19,354**
Assets and liabilities					
Non-current assets	4,514,456	5,153,276	4,842,934	5,091,280	**6,432,017**
Current assets	4,551,851	4,057,513	3,350,623	3,342,737	**1,919,207**
Current liabilities	4,337,397	4,016,498	3,139,934	2,271,818	**1,710,789**
Non-current liabilities	3,404,859	3,370,943	3,391,655	2,434,197	**2,645,254**
Shareholders' equity	1,324,051	1,823,348	1,661,968	3,728,002	**3,995,181**

OUR THEME PARKS

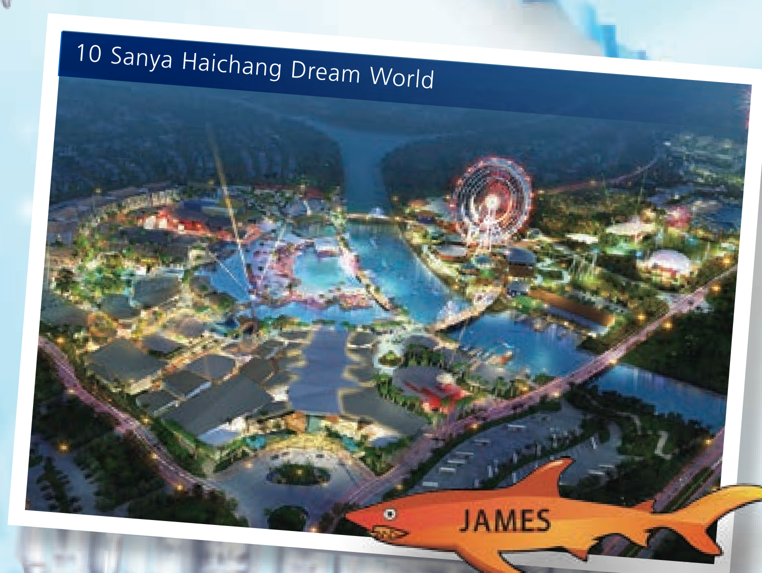
5 Shanghai Haichang Polar Ocean Park

6 Tianjin Haichang Polar Ocean Park

8 Wuhan Haichang Polar Ocean Park

7 Chengdu Haichang Polar Ocean Park

9 Chongqing Haichang Caribbean Water Park



10 Sanya Haichang Dream World


1 Dalian Haichang Discoveryland
DAVID
2 Dalian Laohutan Ocean Park
FRANK
4 Qingdao Haichang Polar Ocean Park
QINGDAO POLAR OCEAN
3 Yantai Haichang Whale Shark Aquarium
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1
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CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

On behalf of the board of directors (the "Board") of Haichang Ocean Park Holdings Ltd. ("Haichang Ocean Park" or the "Company"), I am pleased to present the 2015 annual report of the Company.

Due to favorable conditions in policy environment, social atmosphere and technological improvement, the market potential of China's tourism and theme park industry is further expanding. The industry will embrace an unprecedented golden era of development.

Against this favorable industry background, 2015 was a key year for the medium-long-term development plan of the Company and its subsidiaries (collectively, the "Group") as it continued to steadily implement its products and services upgrading. During the year, the Group further enforced its brand strategy by optimizing the branding system, which greatly propelled the brand equity. Meanwhile, the Group effectively expanded the influence of "Haichang Ocean Park", which was compounded by large-scale events and crossover cooperation. In respect of marketing, the Company has proactively optimized its marketing strategy, leveraged diversified channels and touchpoints, and carried out additional precise and tailored marketing strategies for key customer markets, which has effectively broadened the customer base. In response to the changing customer structure and technology innovation trend, the Group successfully built a sales platform covering the whole network and further optimized the channel structure. In regards to products and service, whilst adhering to the key principles of sustainable operation of the theme parks and the continual enhancement of customer experience, the Group proactively applied all types of advanced technology, and continued to innovate park products and services to meet the increasing consumer demands. Meanwhile, the Group also further leveraged the ancillary commercial property in the surrounding areas of its theme parks and created regional tourism and leisure destinations to provide diversified tourism consumption options.

In light of the above measures, the Group's operating results was substantially enhanced. For the twelve months ended 31 December 2015 ("the Year"), the Group's operation scale grew steadily with an increasingly optimized revenue structure. During the Year, the revenue of the Group was approximately RMB1,417 million. Revenue generated from park operations increased by 11.7% year-over-year to approximately RMB1,296 million, accounting for 91.5% of the total revenue. Meanwhile, the revenue structure of park operations was well optimized that the contribution from in-park spending accounted for 19.0%. During the Year, the gross profit of park operations increased RMB127 million to approximately RMB716 million, increased by 21.6% year-over-year. EBITDA from park operations increased by 20.4% year-over-year to RMB667 million.

In 2015, the Group's two flagship projects proceeded as planned. The Group obtained the relative approvals from the government for Shanghai Haichang Polar Ocean Park located in Pudong, Shanghai. Moreover, the design work of Shanghai Haichang Polar Ocean Park were all been progressing smoothly, and has started the pile construction by the end of the Year. While the Group acquired the phase one land use right of Sanya Haichang Dream World during the Year and commenced the relevant design proposal at the end of the Year.

In order to realize the strategy of being a marine cultural innovative business development platform, the Group comprehensively built an innovative business ecosystem by focusing on "brand + management + content + technology + scene application". All asset-light businesses were properly carried out with positive initial results. In respect of management services business, the Group entered into four service agreements and are all progressing effectively. In addition, the Group implemented the innovative development model of "Brand + Management". With regard to interactive technology and children's entertainment business, the Group successfully and independently researched and developed marine-themed embedded entertainment projects and mini ocean carnival projects, both of which were implemented successfully during the Year. In terms of marine cultural entertainment products and creative intellectual property business, the Group set up specialized teams and actively cooperated with international entertainment and multimedia technology companies, enriched and promoted own cartoon images and animal genealogy, and also completed self-developed IP's marine-themed 4D movies and picture book series, all of which demonstrated an encouraging breakthrough of the Group in IP product area.

In the coming year, we will leverage on our own advantages, continuously upgrade the traditional products of our existing theme parks, enhance the quality of services as well as optimize the business portfolios around the theme parks, with an aim to propel the construction of the marine-featured tourism leisure destinations. Meanwhile, leveraging on our first mover advantages, the Group will keep enhancing crossover cooperation. On the premise of ensuring the development of Shanghai Haichang Polar Ocean Park and Sanya Haichang Dream World, the Group will enter into other strategic areas through the integration of asset-light and asset-heavy business models. Moreover, the Group will further refine the businesses of management services and children's entertainment by accelerating the standardization of products and services and actively promoting nationwide implementation to further enhance the results performance of the Company. We will also keep strengthening the cooperation with leading domestic and overseas cultural entertainment enterprises, to improve our own IP creativity and production capacity, in order to realize the extension of ocean cultural industry chain. In the future, the Group will stick to its aim of establishing Haichang Ocean Park as the first marine-culture tourism & leisure brand in China and an international marine-featured tourism platform enterprise so to continuingly sharpen its market competitiveness.

Meanwhile, we will continue to shoulder the responsibilities and obligations as a corporate citizen by establishing animal conservation research centers and animal protection charitable foundations as well as participating in and supporting the promotion of popular science activities and other charitable events such as animal rescues, thereby putting into practice our commitment to social responsibility and environmental protection.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to the management and all the staff for their strenuous efforts, and to express our appreciation to our shareholders and business partners for their support to and confidence in us. The Group will continue to build on our success and reward our shareholders with even greater results in the coming year.

Qu Naijie
Chairman

26 March 2016


有梦·有爱·有快乐
DREAM LOVE JOY

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Against the background of serious excess capacity and continuously declining demand in 2015, China's GDP year-on-year growth rate recorded only 6.9%, hitting a 25-year low. It is clear that China's economy has entered a "new normal" stage with low growth rate and impetus. However, China's tourism industry, as an emerging consumer sector, continues to maintain rapid growth with the annual aggregate contribution exceeding 10% of China's GDP.

Meanwhile, the development of the Chinese economy drives investment and consumption growth in the tourism industry. According to the data released by the China National Tourism Administration (CNTA), the number of domestic tourists exceeded 4.1 billion in 2015. This is the equivalent of the population of China travelled almost 3 times and contributed to revenue of tourism of over RMB4 trillion. The total number of Chinese domestic and outbound tourism and tourism consumption ranked first in the world. Additionally, according to the data released by China Tourism Academy, the total tourism-related investment in 2015 exceeded RMB1 trillion for the first time.

With the steady growth in per capita disposable income in China, residents' consumption has also started to shift from physical to more service driven, with residents' consumption capacity and consumption structure continuing to improve. People in China have paid more attention to the spiritual life and tourism becomes an essential way for Chinese people to satisfy their spiritual life needs. Meanwhile, optimisation of holiday structures and systems and improvement in the transportation network have created more favourable conditions for the development of tourism in China, hence further stimulating market demand on tourism services.

The development and application of modern technology have promoted restructuring and upgrading of various sectors. The application of mobile Internet, robotics, holograms, virtual reality and other technology enriches the connotation of products and enhances the customer experience. Additionally, the combination of an increasing number of online resources and offline products facilitates the integration of tourism resources so as to attract more potential customers.

As to governmental policies, in 2015, in an effort to promote economic restructuring and to stimulate domestic demand within the tourism industry, the Chinese government introduced the Task Breakdown Table for the *"Several Opinions of the State Council on Promoting the Reform and Development of the Tourism Industry", Several Decisions on Further Promoting Tourism-related Investment and Consumption, Opinions on Speeding up the Producer Service Industry to Promote Industrial Restructuring and Upgrading, Opinions on Land Policies of Supporting Tourism Development* and many other tourism industry-related policies. These policies encompass the provision of financial support, optimising the holiday structures and systems, improving tourism transportation construction, regulating the tourism market development and providing support for land use policies and other measures in a bid to promote the healthy and orderly development of the tourism industry in a multi-dimensional manner.

As an essential branch of tourism, the theme park industry has become increasingly popular due to its rich culture, special interactive experiences, diversified types of themes and integration of social and entertainment. Albeit the theme park industry in China is at a certain scale, it still has far greater potential for development when comparing with that of the European and American mature markets, in terms of numbers of visitors to the parks and per capita in-park spend. Due to favourable conditions in policy, economic environment, social atmosphere and technological improvement, China's theme park industry will embrace an unprecedented golden era of development.

BUSINESS REVIEW

2015 was a key year for the Group's medium-long-term development and strategy as it continued to steadily implement its product and service upgrading. In early 2015, after considering its own distinct competitive strengths, the Group defined its business strategy as becoming the first marine-cultural tourism and leisure brand and an international marine-featured tourism platform enterprise in China. In order to achieve this strategy, the Group further refined its development and specific execution plans during the year, and had primarily undertaken the following aspects of work.

In 2015 the Group further cultivated its brand network, which greatly propelled the asset of its brand. In the first half of 2015, the Group officially renamed the Company to "Haichang Ocean Park Holdings Ltd.", highlighting the principal businesses and core competitiveness of the Group. It also standardized the names of sub-projects and visual identification systems to enhance the brand linkage of the Company and its subsidiaries and increased brand awareness and reputation during the year. This was further compounded by the successful unveiling of the ground-breaking ceremony for the Shanghai Haichang Polar Ocean Park which was leveraged for national brand promotion and effective expansion of its brand's market influence. The Group also optimized and enhanced its brand value and expanded its brand market penetration through crossover cooperation with the brand resources of other sectors. For example, acting as a sponsor of the Chinese best-selling movie "The Mermaid", the Group successfully realised its brand placement and effectively enhanced the Group's brand image. Additionally, together with Taomee, the Group created the movie, "Legend of the Moles 3 – The Magic Train Adventure". Moreover, the State Administration of Radio, Film and Television and the Group made the film "Love Story of Beluga". Furthermore, the Group has also worked with a number of leading companies in the tourism, leisure and culture industry to jointly establish a platform for multi-sectors' resource integration, namely "Ping An Culture and Tourism League", aiming to integrate the country's top film and television, tourism, leisure and consumer resources and to build cultural tourism projects for all types of major consumer groups, which was planned for nationwide implementation. All these combined efforts have allowed the Group to receive wide recognition. The General Administration of Quality Supervision, Inspection and Quarantine and the China National Tourism Administration awarded the Group the "First Qualified Pilot Units of Tourism Service Quality Upgrading". The Group was also selected as one of the 2015 Top 20 Tourism Groups in China by the China Tourism Association and the China Tourism Academy.

In addition, the Group proactively boosted management efficiency and executive capability and enhanced the strategy pertaining to talent, thereby bolstering the Group's overall competitiveness. In 2015, the Group constantly strengthened its corporate value chain management through significant reorganisation, focusing on human resources specialisation, efficient process connection, clear value delivery and horizontal management hierarchy, in an effort to further increase management efficiency. At the same time, the Group also established a classification management model in accordance with different types of business and increased the flexibility of business management, in order to adapt to the rapid development of the Group. Furthermore, talent building has long been one of the Group's priorities in recent years. During the period, the Group invited professionals from the industry and set up a "Think Tank Team" – Haichang Cultural Tourism Research Institute in order to provide professional support for the Company's introduction of new tourism products, project investment decisions and tourism business development and strategies. In addition, the Group also teamed up with Qingdao Agricultural University to establish a profession course in marine animal breeding and management with an aim to train up high-end professional and building of sufficient reserves of technical personnel in marine animal breeding and management. Through capacity assessment, tailored training, job practice and other specific work, the Group would gradually realize the targeted reserves of talents for new projects as well as existing projects. In addition, it signed an Investment Cooperation Agreement on Headquarters Establishment with Shanghai Harbour City Development (Group) Co., Ltd. with an aim to enhance its attractiveness to professionals around the world. The Group will set up a China regional headquarters and a platform for investment, operation and management in Pudong District, Shanghai and to set up its platform for innovation and business development with the benefits from the high performing international talent and other resources and advantages from Shanghai. Moreover, after the adoption of the Management Share Purchase Scheme in September 2014, the Group further extended the scheme in January 2015 in order to further stimulate the past contribution made by the Group's management and to encourage and maintain the long-term service relationship between them and the Company, enabling the management to share the Group's future value and growth and making the management's personal interests consistent with those of the Company.

Existing Projects

In respect of marketing, the Group drew up in early 2015 a forward-looking marketing plan, namely, penetrating the Internet and the in-depth regional market with three principal models, including extensive and refined marketing channels, products and experience of marketing activities, as well as precise and social media publicity. Based on this strategy, the Group, successfully built a sales platform covering the whole network, completed the building of its own sales platform, including its platform, the Tmall flagship stores and other sales platforms. It also cooperated with many e-business platforms and OTA channels and carried out marketing activities, such as "Ma Shang You" and "Double 11". In relation to the in-depth regional market penetration, the Group carried out additional precise and tailored marketing strategies for key customer sources which had effectively broadened the customer base of the Group. The Group also teamed up with the leading enterprises in the fields of media, e-business and consumer products to undertake clustering marketing. In order to enhance visitors' experience and deepen the brand philosophy of "Dream Love Joy", the Group, through product-centred packaging marketing activities, extended the values of its products and launched the "Haichang Seabed Halloween – More Wonderful Whales at Night" and other themed activities. In the traditional themed marketing, the Group focused more on social media promotion through precisely placing advertisement and marketing the brand via highly targeted media exposure. For example, the Group made use of media resources to launch "Love Tour of Miss Blue" during the high tourism season, carried out "The Way Home – Dream Love Joy" during the Chinese New Year travel rush and "Let Red Envelopes Fly at Haichang Ocean Park" during the Chinese New Year and other social and interactive activities to integrate the new media resources of all members of the Group so to create a fan effect. The Group joined hands with LY.com and Ctrip and other platforms to co-launch "Customer

Experience Contest", co-broadcast "Dad! Where Are We Going?" and held exhibition about Shaun the Sheep, Moles Creative Painting Competition and other targeted marketing activities. In addition, the Group also cooperated with the Ocean Park Hong Kong, LY.com, Alitrip, Meituan.com, Dianping.com and other counterparts as well as upstream and downstream business partners in strategic development, marketing, ticket sales and many other respects.


Underwater mermaid show

In respect of products and operation, the Group actively took a wide range of measures to optimize and enrich new in-park products by researching in operational index, monitoring and analysis so to enhance the operation quality of the theme parks and to fulfill the increasing consumer demand without compromising the safe operation of the parks. At the same time, the Group implemented the concept of "Great Service" for all tourists aiming to improve the quality of tourism services so to meet the demand of tourists and form a marine-themed personalized and role-oriented service model. In terms of hardware, the Group constantly upgraded and modified the existing theme parks and implemented the strategy of scenes in the theme parks. During the period, the Group completed the upgrading and expansion of the projects in Qingdao Haichang Ocean Park and also added high-tech interactive experience products for Chengdu Haichang Ocean Park. Regarding software, the Group continued to make innovation in products and services of existing theme parks. During the Period, it successfully completed the Phase I project of intelligent parks in its Chengdu Haichang Ocean Park which had a full coverage of WIFI and iBeacon base stations. These innovations made intelligent explanation, intelligent queuing, mobile payment and big data analysis and other functions available to effectively enhance the interactive experience of the visitors. The Group also opened some feeding backfields, laboratories and other areas to visitors, and strengthened the planning and packaging of performing art products. It also added a lighting parade and themed underwater stunts to enhance tourists' experience. The Group reasonably planned the ancillary commercial property in the surrounding areas of its theme parks which contributed to significant increase in the overall property lease rate and that in the level of rents during the period. Additionally, the Group kept optimizing the development and sale of in-park consumption products and further clarified the development thinking and direction of and formulated the development plan for theme products through reconfiguring the product categories. On the basis of standardised products, the Group continued to develop various types of Western food and beverage products, to create a brand new store image, to optimise play routes in the theme parks and to vigorously develop innovative paid entertainment products with an intention to improve the overall quality of the theme parks and to create new growth points of results.

Due to improving quality of products and services and the highly successful marketing measures above, for the twelve months ended 31 December 2015, the Group recorded growth in both the number of admission attendance (measured by the number of visitors based on actual admission) and ticket attendance (measured by the number of visitors based on ticket sales) of its eight theme parks it currently operates. The number of admission attendance of the Group's eight theme parks increased by approximately 7.11% from approximately 11,494,200 for the twelve months ended 31 December 2014 to approximately 12,311,338 for the same period in 2015. The ticket attendance of the Group's eight theme parks grew by approximately 8.03% from approximately 8,773,183 for the twelve months ended 31 December 2014 to approximately 9,477,392 for the same period in 2015.


Emperor penguin cubs

The Group also proactively advocated the concept of animal species conservation and related education, kept enhancing its core competitiveness related to animal conservation and strengthened its leading international position in relevant fields. In 2015, the Group successfully bred nine species, 132 large and rare polar marine animals and sharks and imported pacific white-sided dolphin, finless porpoise and other new species. The total number of animals of the Group exceeded 48,000 in 2015, which was the biggest marine and polar animal collection in Asia. The Group continued to focus on scientific research and innovation and actively translated scientific research achievements into productivity. A total of 51 employees published academic papers in magazines at different levels during the period and delivered technical speeches at various national academic conferences. The Group also collaborated with prominent universities and pharmaceutical R&D companies and had successfully developed special nutritional fodder with independent intellectual property rights of Haichang specifically for marine animal care. Based on adequate data collection, scientific screening and analysis, extensive consultation and accumulation of experience, the Group has formulated the first edition of the Haichang Animal Management Standards (HAMS) to accelerate the process of promoting professionalism and the streamlining in the management of animal care and to lay the foundation for the forthcoming output of business management. Meanwhile, the Group placed high emphasis on learning from and sharing ideas with international participants. It worked with the Ocean Park Hong Kong, the International Marine Animal Trainers' Association (IMATA) and Aquarium Professional Committee under Chinese Association of Natural Science Museums (CANSM) to jointly organize the training courses, science education workshop, etc. in 2015. As a corporate citizen, the Group also actively fulfilled its corporate social responsibility by proactively worked with local fisheries authorities to voluntarily rescue injured and mis-caught marine animals during the period. The group also set up the "Haichang Award" together with the governmental authorities to reward organisations and individuals making contribution to the field of aquatic wild animal protection. Besides, it organised popular science lectures in its theme parks, imparted marine science in schools and jointly prepared for the establishment of special fund for wildlife conservation to assist animal protection.

Marine Cultural Innovative Business

2015 was the first year for the Group to implement the business development strategy of "Marine Cultural Innovative Business". With clearer development strategy, the Group comprehensively built an innovative business ecosystem by centering on "brand + management + content + technology + scene application". All asset-light businesses were properly carried out with initial results. Currently, the Group has successfully built an innovative business platform and formed a business development model with the four expert companies with core businesses on management output, cultural IP, interactive technology and children's entertainment, which laid a solid foundation for all-rounded growth of the relevant businesses in future.

Concerning aquarium operation consultancy and aquarium techniques management services business, targeting the existing and to-be-developed urban complex projects nationwide, traditional scenic spots and theme parks, the Group actively and constantly translated the two core competitiveness of marine wildlife conservation and management technology as well as theme park design, construction, operation and management into consulting and technical management services into the Group's productivity. During the period, the Group entered into service agreements with Guangzhou Grandview, Qinhuangdao Saintland, Zhejiang Hengdian, Nanning Rongsheng. In accordance with these agreements, the Group has begun to provide technical advice and management services for the aquariums or marine theme parks situated in China and run by the above-mentioned partners. In the future, the Group intended to comprehensively upgrade the development model and promote the model of "brand + management advantage" in order to underline the high added value. In addition, the Group would draw on its experience in operation and management of existing projects and the actual situation of compliance projects to accelerate the building of a standardised, regulated, ever-expanding and ever-improving system for management output service and business and to lay groundwork for future business expansion.

With regard to innovative marine-featured children's entertainment product business, during the periodly making use of interactive multimedia technology, the Group successfully and independently researched and developed marine-themed embedded entertainment projects and mini ocean carnival projects to satisfy consumers' demand in pursuing differentiated interactive entertainment experiences. Completed products included Haichang Mini Ocean World, Family Entertainment Centre, Haichang Ocean Light Park and other the research and development relating to children's entertainment products. All these further enriched the product mix of the Group. In September 2015, the first embedded entertainment pilot project, Haichang Ocean Light Park, was opened in Shenyang. Based on the few months' results of operations of this project, the Group systematically carried out analysis in several areas including engineering, operation, products and marketing and has formulated solutions to the problems found in the project by drawing up adjustment programs based on the actual situations of Shenyang park. Such programs had been already implemented. This pilot project provides a sample for the future sustainable development of children's industry products. The Group also accumulated valuable experience and market feedback from it. Based on the market demand and by relying on the Group's leading core operation and management capabilities of animal technology, the Group developed an innovative product named "Mini Mobile Polar Ocean Show" which integrated mobile tour, combined disassembly, theme of popular science, multimedia technology and other elements. The first product implanted with such concept was the "Haichang Penguin Caravan". The Group entered into an agreement with Nanning Rongsheng and Chongqing Karst respectively for this product. The exhibition of "Haichang Penguin Caravan" in Nanning Rongsheng was well received and attracted crowds to the shopping center. In the future, based on the accurate positioning within the target market, the Group will focus on studying the mobile carnival products integrating ocean carnivals and ocean light shows. In the meantime, the Group will actively negotiate with a number of real estate developers and tourism-related scenic spots in terms of exhibition lease and intends to add other carnival projects on the basis of the existing mobile penguin caravan with an aim to build a mobile ocean animal carnival. Besides, the Group also intends to integrate the above products with traditional products of parks and upgrade the kids' amusement areas within all theme parks of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS


Self-developed IP cartoons

In terms of marine cultural entertainment products and creative intellectual property, the Group opened a new era of product R&D through optimising and creating performing products, building a basis for IP culture, developing innovative and interactive technology products and actively seeking footholds. In order to continuously improve the capacity for production of entertainment focusing on the marine culture theme, the Group established specialized teams and actively cooperated with international entertainment and multimedia technology companies. Firstly, the Group enriched and promoted self-developed cartoon images and animal genealogy during the period. Secondly, the Group researched and developed the 4D cinema animated film "Light of Ocean" with a mermaid theme, which will be screened inside the Group's theme parks in 2016. This marked a significant step for Haichang Ocean Park in terms of intellectual property. In addition, the Group hired popular writers and leaders in the area of graphic illustration to develop the ocean heart-warming picture book series. The process of self-developing cartoon images could therefore be significantly shortened and the "Haichang Ocean Park" brand's cultural connotation could be therefore greatly extended. In the future, the Group will comprehensively carry out and create the marine-themed entertainment industry by self-developed intellectual property, cooperative development and through investment and mergers and acquisition. The Group, taking the movie "The Mermaid" as stepping stone, would continue the subsequent relevant intellectual properties development. Based on the upgrading of existing projects and development of new projects, the Group would further consult with the leading international intellectual property creators to undertake business cooperation in China. The Group plans to further develop themed merchandise by integrating self-developed cartoon images to enhance the marine-themed cultural creativity and capacity for content production and to enrich its own cultural and entertainment product lines. At the same time, the Group would make use of and extend its intellectual property rights to increase the Group's productivity, achieve an innovative business mode and strive to speed up income contribution by developing products relating to children's recreation, animation, film and television, culture and performing arts and entertainment. R&D and implementation of the above products would provide more reserves for the diversity on product selection and the upgrade and renovation of the existing projects in Shanghai and Sanya.

Shanghai Haichang Polar Ocean Park

The Group won the bid for the land use rights of the relevant land lots in January 2015. It obtained the approval from government for project environment impact assessment, the approval for plans of parks and supporting hotels. It also obtained the project land certificate, the project planned land permit, the construction planning permit and the pile construction permit of some individual buildings. The project's ground-breaking ceremony was held at the end of March 2015. During the year, the Group commenced the initial phase of construction, signed a number of contracts for bidding, construction and procurement, and completed the signing of contracts on bulk marine life, large play equipment and facility purchase. The Group also worked with the Chinese Arctic and Antarctic Research Institute Oceanic Administration Polar Research Center and Ocean Park Hong Kong with a plan to establish marine and polar animal conservation centres in the periphery of the project and jointly conduct special research into animal conservation. Currently, transportation facilities in the neighbourhood of the project site is progressing. In particular, the Shanghai Metro Line No. 16 has been in full operation. Visitors can get to Dishui Lake where the project can be located directly by metro. The Metro station is only one kilometre away from the project. Furthermore, the project is situated at a popular location where, the explicit aggregation effect of the tourism and culture industries shows up.

Sanya Haichang Dream World

In June 2015, the Sanya Municipal Government principally approved the planning design of the project. The Group obtained the land use right of the project Phase I in November 2015. At the same time, the Hainan Development and Reform Commission approved that the project was one of the key projects in Hainan Province. Moreover, the Group adjusted the project planning of Sanya Haichang Dream World according to the guiding opinions of the Sanya government. During the period, the Group completed the overall planning and design proposal of the project. The project will focus on the story line of "Maritime Silk Road" and will be positioned as a marine-themed park with healthcare, leisure, culture and entertainment features. Story lines will be used to divide and properly connect each thematic area in the park with the intention of creating a large-scale open-spaced integrated tourism, entertainment and leisure project.

FINANCIAL REVIEW

Revenue

Revenue generated from the Group's park operations segment increased by 11.7% from approximately RMB1,159.6 million in 2014 to approximately RMB1,295.8 million in 2015, primarily due to an increase in tickets sales and non-ticket revenue, which was mainly driven by an increase in the number of ticket attendance. For the year ended 31 December 2015, the ticket attendance of the eight theme parks increased to approximately 9.48 million visitors in 2015 from approximately 8.77 million visitors in 2014. Revenue generated from sales of tickets therefore increased by 11.3% from approximately RMB943.1 million in 2014 to approximately RMB1,049.2 million in 2015. Revenue generated from non-ticket sales increased by 13.8% from approximately RMB216.6 million in 2014 to approximately RMB246.6 million in 2015.

Revenue generated from the Group's property development segment decreased by 67.4% from approximately RMB371.8 million in 2014 to approximately RMB121.0 million in 2015, which was mainly due to the absence of the tailored contract business in 2015 and the difference in the types of properties sold.

In conclusion, for the year ended 31 December 2015, revenue of the Group decreased by approximately 7.5% to approximately RMB1,416.8 million (2014: RMB1,531.4 million).

Cost of Sales

The Group's cost of sales decreased by 26.5% from approximately RMB857.8 million in 2014 to approximately RMB630.4 million in 2015, which was mainly attributable to a decline in the cost of sales caused by a substantial decrease in property sales as well as the Group's increasingly effective control over costs.

Gross Profit

The Group's overall gross profit increased by approximately 16.8% to approximately RMB786.5 million (2014: RMB673.6 million) and overall gross profit margin improved to 55.5% (2014: 44.0%).

Segment gross profit of the Group's park operations segment increased by 21.6% to approximately RMB716.2 million (2014: RMB588.9 million) and segment gross margin of the Group's park operations segment improved from 50.8% in 2014 to 55.3% in 2015, primarily due to an increase in revenue generated from its theme parks as a result of the higher admission attendance of its theme parks in 2015 and the relatively stable operating expenses of most of its theme parks during the same period.

Segment gross profit of the Group's property development segment decreased by 17.0% to approximately RMB70.3 million (2014: RMB84.7 million). Segment gross margin of the Group's property sales was 58.1% (2014: 22.8%). The decrease in gross margin of this segment was mainly due to the difference in the types of properties sold.

Other Income and Gains

The Group's other income and gains decreased by 21.8% from approximately RMB336.3 million in 2014 to approximately RMB263.1 million in 2015, mainly due to the decrease in both the fair value gains on the revaluation of investment properties and government grants in 2015.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by 2.7% from approximately RMB120.5 million in 2014 to approximately RMB117.2 million in 2015, mainly because of no similar promotion and advertising on theme parks for the purpose of the Listing in 2015 as compared to 2014.

Administrative Expenses

The Group's administrative expenses increased by 1.5% from approximately RMB265.6 million in 2014 to approximately RMB269.6 million in 2015, mainly due to the amortization arising from the land use rights for the new project in Shanghai in 2015.

Finance Costs

The Group's finance costs decreased by 20.3% from approximately RMB193.5 million in 2014 to approximately RMB154.2 million in 2015, mainly due to the substantial decrease in both the total interest-bearing bank and other borrowings and the comprehensive coupon rate in 2015.

Income Tax Expenses

The Group's income tax expenses increased by 30.0% from approximately RMB163.9 million in 2014 to approximately RMB213.1 million in 2015, mainly due to the increase in the profit before tax recognised for the same period and higher land appreciation tax on property sales in 2015.

Profit/(Loss) for the Year

As a result of the foregoing, the profit of the Group for the year increased by 18.2% from approximately RMB211.5 million in 2014 to approximately RMB250.0 million in 2015, and the net profit margin increased from 13.8% in 2014 to 17.6% in 2015. During the same period, the profit attributable to equity holders of the parent increased by 20.1% from approximately RMB192.0 million in 2014 to approximately RMB230.6 million in 2015.

Liquidity and Financial Resources

As at 31 December 2015, the Group had current assets of approximately RMB1,919.2 million (2014: RMB3,342.7 million). The Group had cash and bank deposits of approximately RMB970.5 million (2014: RMB1,551.4 million) and its pledged bank balances amounted to approximately RMB6.5 million (2014: RMB482.1 million). The decrease in cash and bank deposits of the Group as at the end of 2015 was mainly attributable to the Company's payment of land premium for the projects in Shanghai and Sanya of RMB955.4 million in total and the repayment of part of the loan principal in 2015.

Total equity of the Group as at 31 December 2015 was approximately RMB3,995.2 million (2014: RMB3,728.0 million). The increase in total equity was mainly due to an increase in the profit after tax in 2015. As at 31 December 2015, the total interest-bearing bank and other borrowings of the Group were approximately RMB2,366.0 million (2014: RMB2,770.0 million).

As at 31 December 2015, the Group had a net gearing ratio of 34.4% (as at 31 December 2014: 19.9%). The net liabilities of the Group included interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The increase in the net gearing ratio as of 31 December 2015 was mainly attributable to a substantial decrease in cash and cash equivalents as a result of the Company's payment of land premium for the projects in Shanghai and Sanya of RMB955.4 million in total and the repayment of part of the loan principal in 2015.

As indicated by the above figures, the Group has maintained stable financial resources to execute its future commitments and future investments for expansion. The Board believes that the existing financial resources will be sufficient to execute future expansion plans and, if necessary, the Group will obtain additional financing with favourable terms.

Capital Structure

The share capital of the Company comprises ordinary shares for the year ended 31 December 2015.

Contingent Liabilities

	31 December 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**69,381**	51,788
	69,381	51,788

* The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the year (2014: nil) in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currency, the Group is not exposed to material foreign exchange rate risk. The Directors expect that any fluctuation in the exchange rate of RMB will not have material adverse effect on the operation of the Group.

Capital Commitments

For the year ended 31 December 2015, the Group had capital commitments of approximately RMB453.1 million (2014: RMB402.7 million), which shall be funded through a variety of means, including cash generated from operations, bank financing and proceeds from the initial public offering.

STAFF POLICY

The Group had approximately 2,529 full-time employees and approximately 390 temporary staff (2014: 2,400 full-time and 400 temporary) as at 31 December 2015. The Group offers a comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group and its employees are required to make contribution to a social insurance scheme. The Group and its employees are required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

The Group set its emolument policy with regard to the prevailing market conditions and individual performance and experience.

DIRECTORS AND SENIOR MANAGEMENT

AN OVERVIEW OF DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of nine Directors, three of whom are independent non-executive Directors. The Directors were appointed by the Board. According to the articles of association of the Company (the "Articles of Association"), not less than one-third of the Directors must retire from office by rotation at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years and any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the next following general meeting of the Company after his/her appointment.

The Board is responsible and has general powers for the management and conduct of the Company's business. The following table sets out certain information concerning the Directors as at the date of this annual report:

Name	Age	Position/Title	Date of appointment(s)	Job Responsibilities and Relationship with other Directors
Executive Directors				
Wang Xuguang (王旭光)	47	Executive Director and Chief Executive Officer	19 July 2012	Primarily responsible for the overall management of the Group. He also serves on the remuneration committee.
Zhao Wenjing (趙文敬)	61	Executive Director	19 July 2012	Primarily responsible for the overall development of new businesses.
Qu Naiqiang (曲乃強)	53	Executive Director	19 July 2012	Primarily responsible for the construction of the developed projects and cost supervision, control and management. He is the brother of Qu Naijie.
Non-executive Directors				
Qu Naijie (曲乃杰)	55	Non-executive Director and Chairman	21 November 2011	Primarily responsible for the overall strategic planning and overseeing the general corporate, financial and compliance affairs of the Group. He also serves on the nomination committee. He is the brother of Qu Naiqiang.

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Date of appointment(s)	Job Responsibilities and Relationship with other Directors
Makoto Inoue (井上亮)	63	Non-executive Director	19 July 2012	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group.
Yuan Bing (袁兵)	47	Non-executive Director	24 August 2012	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group. He also serves on the risk management and corporate governance committee.
Independent Non-executive Directors				
Fang Hongxing (方紅星)	43	Independent Non-executive Director	23 February 2014	Serves on the audit, remuneration, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.
Sun Jianyi (孫建一)	63	Independent Non-executive Director	23 February 2014	Serves on the audit, nomination, remuneration and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.
Xie Yanjun (謝彥君)	56	Independent Non-executive Director	22 August 2014	Serves on the audit, nomination, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.

EXECUTIVE DIRECTORS

Wang Xuguang (王旭光), aged 47, was appointed to the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Wang is also the Chief Executive Officer of the Company, primarily responsible for the overall management of the Group. Mr. Wang obtained a bachelor's degree in economics and investment management at the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1990. He was awarded a master's degree in international laws by the Dalian Maritime University (大連海事大學) in April 2002.

After graduation from university, Mr. Wang worked in the Dalian Branch of the China Construction Bank for more than 16 years until he became the deputy branch manager, during which he developed his extensive knowledge and experience in real estate financing. Mr. Wang then joined Dalian Haichang (Group) Co., Ltd ("Haichang Group Co") in February 2007 as a director and the president. He was further appointed as a director and the general manager of Dalian Haichang Corporation Development Co., Ltd. ("Haichang Enterprise Development") in February 2010. From October 2010 to February 2012, he also served as the president of Dalian Haichang Real Estate Group Co., Ltd. ("Haichang Real Estate"). Mr. Wang was appointed as a director of Haichang (China) Co., Ltd. ("Haichang China") in October 2011 and was promoted to the chairman of the Board in July 2012 and the president of the Company in April 2013. In July 2012, he was also appointed as a director of Haichang Holdings (Asia) Ltd. ("Haichang Asia BVI") and Haichang Holdings (Hong Kong) Limited ("Haichang Holdings HK"). Currently, he is also serving as a non-executive director of Haichang Group Co and Haichang Enterprise Development. Mr. Wang is the vice president of the Chamber of Commerce in Dalian (大連市總商會) and a representative of the People's Congress of Dalian Municipality (大連市人民代表大會).

Zhao Wenjing (趙文敬), aged 61, was appointed to the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Zhao is primarily responsible for the overall development of new businesses. Mr. Zhao educated in Dalian Ocean University (大連海洋大學) (formerly known as Dalian Institute of Aquaculture (大連水產學院)) major in marine engineering management in February 1978. He further obtained a Master of Business Administration at the Open University of Hong Kong in December 2003. Mr. Zhao was awarded as a senior level engineer by the Personnel Department of Liaoning Province in November 1993 and as a professor level senior engineer by the Human Resources and Social Security Department of Liaoning Province in September 2013.

Mr. Zhao has extensive experience in theme park management and operations and tourism project planning. He has been engaged in the theme park business for more than 23 years and was involved in and led the planning and construction of many theme parks. Mr. Zhao has been a general manager and principal of various theme parks and zoos including Dalian Laohutan Park, Dalian Forest Zoo and Dalian Discoveryland. From January 1991 to March 2008, Mr. Zhao served as the general manager of Hutan Park, during which he primarily managed the operations of Dalian Laohutan Park and the overall works of Dalian Laohutan Polar Aquarium. In 2001, Mr. Zhao joined Dalian Laohutan Ocean Park Co., Ltd ("Dalian Laohutan") as a vice chairman of the board of directors, where he became the chairman of the Board in March 2008. Mr. Zhao was appointed as the vice president of Haichang Group Co and a director of Haichang Enterprise Development in February 2008 and February 2010, respectively. Mr. Zhao then became a director of Dalian Haichang Travel Group Co., Ltd. ("Haichang Travel") and Haichang China in March 2010 and October 2011, respectively. Since April 2013, he has also become a joint president of Haichang China. Currently, Mr. Zhao is also serving as a director of Haichang Asia BVI, Haichang Holdings HK, Qingdao Polar Ocean World Co., Ltd. ("Qingdao Polar") and Dalian Haichang Commercial Service Co., Ltd ("Dalian Haichang Commercial").

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao is one of the founder and was the deputy manager of the Aquarium Special committee of Chinese Association of Natural Science Museums (中國自然科學博物館協會水族館專業委員會). Since January 2008, Mr. Zhao has also been a committee member of the Ethnic and Foreign Affairs Committee (民族僑務外事委員會) of the Dalian Municipal People's Congress (大連市人民代表大會). Since March 2012, Mr. Zhao has become the vice chairman of the China Association of Amusement Parks and Attractions (中國遊藝機遊樂園協會).

Qu Naiqiang (曲乃強), aged 53, was appointed to the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Qu is the younger brother of Qu Naijie, the founder, the controlling shareholder of the Company, the chairman of the Board and a non-executive Director. Mr. Qu is primarily responsible for the construction of developed projects and cost supervision, control and management. In January 2003, Mr. Qu graduated with a diploma in economics management from the Liaoning Normal University (遼寧師範大學) in Dalian, at which he also completed an education course in economics management in January 2006. Since September 2012, Mr. Qu has been pursuing an Executive Master in Business Administration at the MBA School of the Dongbei University of Finance and Economics (東北財經大學) and completed the program in December 2014.

Mr. Qu joined Dalian Haichang Housing Development Co., Ltd. ("Haichang Housing") in 1995 as the manager of the materials department, during which he acquired extensive management experience in theme park construction. In December 1999, Mr. Qu joined the Dalian Laohutan Polar Aquarium project construction office as a standing deputy manager and was responsible for the purchase of animals and facilities and management of construction costs. He was then appointed as a director of Dalian Laohutan in December 2000 and also became the general manager of the resources department of Haichang Group Co in June 2002. Later in June 2004, Mr. Qu was appointed as the standing deputy manager of the project construction office of the Dalian Discoveryland project company and was mainly responsible for the management of the construction of the park and construction costs. In March 2005, he became the president's assistant and the head of the resources department of Haichang Group Co, and continue acting as the standing deputy manager of the construction office of the Dalian Discoveryland project company. He was primarily responsible for procuring resources, managing the project costs and overall project supervision. In April 2007, he was appointed as the vice president of Haichang Group Co and was responsible for the tourism development and management and resources management. In July 2009, on the basis of his existing position, he further served as the general manager of Chengdu Polar Ocean Industrial Co., Ltd ("Chengdu Polar") and was fully responsible for the daily management of the company, cost control and management of construction works. In January 2010, Mr. Qu became a director of Haichang Enterprise Development. From March 2010 to May 2012, he had further been serving as the vice president of Haichang Real Estate and he was in charge of cost control, construction management, resources and information management. In addition, from September 2011 to February 2013, he had been serving as the general manager of Wuhan Polar Ocean World Investment Co., Ltd. ("Wuhan Polar"). Currently, Mr. Qu is a director of Haichang Asia BVI and Haichang Holdings HK, as well as a director and joint president of Haichang China.

NON-EXECUTIVE DIRECTORS

Qu Naijie (曲乃杰), aged 55, was appointed to the Board on 21 November 2011 and his title was designated as the non-executive Director on 23 February 2014. Qu Naijie is the elder brother of Mr. Qu Naiqiang, the executive Director and a joint president of the Company. Qu Naijie is the founder of the Group, the chairman of the Board and the controlling shareholder of the Company. He is primarily responsible for the overall strategic planning, the general corporate and financial and compliance affairs of the Group. Qu Naijie obtained a bachelor's degree in Chinese Language from Liaoning University (遼寧大學) in Shenyang in December 1992 and completed a research master's degree program in enterprise management at the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1998.

Qu Naijie has over 19 years of experience in corporation management and operations. Qu Naijie commenced oil trading business in 1993 and in order to get involved in the real estate development industry, he established Haichang Group Co in 1998. From November 1996 to July 2012, Qu Naijie had been serving as the chairman of the board of directors of Haichang China and has been a director since then. In December 2000, he was appointed as a director of Dalian Laohutan. In 2002, Haichang Group Co and Hutan Park through Dalian Laohutan together developed Dalian Laohutan Polar Aquarium, which since June 2007 has been recognised as a 5A-rated tourist attraction categorised by CNTA and had driven the development of the tourist attractions development industry in Dalian. Following the success of the Dalian Laohutan Polar Aquarium, from 2002 to 2012, Qu Naijie had been further leading the development of seven different theme parks across the PRC. He was appointed as a director of Haichang Asia BVI and Haichang Holdings HK in 2011 and the chairman of the boards of directors of both companies in September 2013. Qu Naijie is also serving as an executive director of Haichang Group Co and Haichang Enterprise Development, as well as a director of most of our operating subsidiaries, including Yantai Fishermen's Wharf Investment Co., Ltd. ("Yantai Fishermen"), Tianjin Polar Tourism Co., Ltd. ("Tianjin Polar"), Wuhan Polar and Chengdu Polar.

Makoto Inoue (井上亮), aged 63, was appointed to the Board on 19 July 2012 and was designated as the non-executive Director on 23 February 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group. Mr. Inoue obtained a bachelor's degree in law from the Faculty of Law of Chuo University in Japan in March 1975.

Mr. Inoue has over 40 years of experience in leasing and finance, investment banking, and alternative investment in a global context. He joined ORIX Corporation (formerly known as "Orient Leasing Co., Ltd.") in April 1975 and is currently a director, representative executive officer, president and chief operating officer of ORIX Corporation, a company listed on the Tokyo Stock Exchange, Osaka Securities Exchange and New York Stock Exchange. Mr. Inoue had been serving a director of Lanka ORIX Leasing Company PLC, a company listed on the Colombo Stock Exchange, Sri Lanka, from 2009 to 2011 and he had also been serving a director of EnTie Commercial Bank Co. Ltd., a company listed on the Taiwan Stock Exchange Corporation, from 2007 to 2012; during his appointments, he took part in the overall strategic management and planning of both companies. In January 2010, Mr. Inoue was appointed as a director of Haichang Enterprise Development. Currently, he is also serving as a non-executive director of China Water Affairs Group Limited (Stock Code: 0855), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Yuan Bing (袁兵), aged 47, was appointed to the Board on 24 August 2012 and his title was designated as the non-executive Director on 23 February 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group. Mr. Yuan graduated with a bachelor's degree in English from Nanjing University (南京大學) in July 1990. In June 1993 and October 1998, Mr. Yuan obtained a master's degree in international relations and a doctorate degree in law from Yale University in the United States, respectively.

Mr. Yuan has extensive experience in corporate finance and investment banking. Mr. Yuan joined Credit Suisse First Boston (Hong Kong) Limited in September 2001 as a vice president of its investment banking division. From April 2004 to June 2006, Mr. Yuan had been working at Morgan Stanley Asia Limited, he then rejoined them from October 2006 till February 2009, where he served as a managing director in the fixed income division. Mr. Yuan joined the Hong Kong office of Hony Capital Limited in April 2009 as a director and has been serving as a managing director since January 2010, where he is mainly responsible for cross-border transactions as well as direct investments in financial services and environmental protection sectors in Hong Kong. Since November 2010, Mr. Yuan has been serving as a non-executive director and member of audit and compensation committees of Biosensors International Group, Ltd, a company listed on the Singapore Stock Exchange. He is also a non-executive director and a member of the audit committee of Hydoo International Holdings Limited (Stock Code: 1396), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Currently, Mr. Yuan is also serving as a director of Haichang Asia BVI, Haichang Holdings HK and Haichang China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fang Hongxing (方紅星), aged 43, was appointed as the independent non-executive Director on 23 February 2014. He is primarily responsible for supervising and providing independent judgment to the Board. Professor Fang had been an independent director and the chairperson of the audit committee of each of Neusoft Corporation (東軟集團股份有限公司) (Stock Code: 600718.SH) (a company listed on the Shanghai Stock Exchange), Shenyang Machine Tool Co., Ltd (瀋陽機床股份有限公司) (Stock Code: 000410.SZ) and Zhangzi Island Corporation (獐子島集團股份有限公司) (Stock Code: 002069.SZ) (both companies listed on the Shenzhen Stock Exchange). Professor Fang obtained a bachelor's degree in accounting from Hefei Institute of Economics and Technology (合肥經濟技術學院) (which has now become a part of University of Science and Technology of China (中國科技大學)) in July 1993. He passed the PRC CPA Uniform Examination held by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 1994. He further obtained a master's degree and a PhD in accounting at Dongbei University of Finance and Economics (東北財經大學) in Dalian in April 1996 and July 2004, respectively.

Professor Fang has extensive experience in accounting, auditing and internal control. Since September 2003, he has been teaching accounting at Dongbei University of Finance and Economics. He became an accounting professor at Dongbei University of Finance and Economics in June 2005 and since December 2009, he has been serving as the head of the School of Accounting of the same University. Professor Fang also served as a council member of the Accounting Society of China (中國會計學會), an advisory expert of the China Accounting Standards Committee (財政部會計準則委員會) and the China Corporate Internal Control Standards Committee (企業內部控制標準委員會), a member of the Technical Guidance Committee and the Audit Standards Group of the Chinese Institute of Certified Public Accountants. He was awarded with the title of "Outstanding Professional in the Dalian Municipal" (大連市優秀專家) by Dalian Municipal Government in 2010. In July 2012, Professor Fang was further appointed as a "Liaoning Distinguished Professor" (遼寧特聘教授) by Liaoning Provincial Department of Education. He was later recognized as an "Accounting Leader in the PRC" (全國會計領軍人才) by the Ministry of Finance of China in December 2012.

Sun Jianyi (孫建一), aged 63, was appointed as the independent non-executive Director on 23 February 2014. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Sun obtained a diploma in finance at Zhongnan University of Economics and Law (中南財經政法大學) in December 1975. He was recognised as a senior economist by the Guangdong Province (廣東省人事廳) in July 1999. Mr. Sun is currently the vice-chairman of the board, executive vice president and executive director of Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司) (Stock Code: 2318.HK and 601318.SH), a company listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange. Furthermore, he is also the chairman of the board of Ping An Bank Co., Ltd (平安銀行股份有限公司) (Stock Code: 000001.SZ) and a director of China Vanke Co., Ltd (萬科企業股份有限公司) (Stock Code: 000002.SZ), both of which are listed on the Shenzhen Stock Exchange. Since June 2008, he has been serving as a council member of the Association for Relations Across the Taiwan Straits (海岸兩峽關係協會).

Xie Yanjun (謝彥君), aged 56, was appointed as the independent non-executive Director on 22 August 2014. He is devoted to the research on tourism basic theory and cultural tourism, research methods of tourism and tourism experience. He is currently the dean of the School of Tourism and Hotel Management in Dongbei University of Finance and Economics ("DUFE") located in Dalian, as well as a professor and a doctoral supervisor. He is also a guest professor at a number of universities in China such as Beijing Union University, Southwestern University of Finance and Economics and Henan University. Professor Xie obtained a diploma in commercial enterprise management (class of Jinzhou) from Liaoning Finance College (遼寧財經學院) (now known as DUFE) in July 1982 and a Ph.D. degree in tourism management from DUFE in July 2005. From April 1993 to April 1994, Professor Xie had been studying at the University of Bradford in the United Kingdom as a tourism management visiting scholar and from September 2002 to March 2003, he had been studying at Drexel University in the United States as a senior tourism management visiting scholar. Upon Professor Xie's graduation in 1982, he started his teaching career at the statistic faculty and commercial enterprise management faculty in Liaoning Commercial College (遼寧商業高等專科學校) (now known as Bohai University), he was later transferred to the tourism management faculty in 1987, at which he served various roles until 1997 such as associate professor, vice-head of faculty and head of faculty. Professor Xie then started as an associate professor at DUFE in September 1997 and was promoted to a professor in December 1999, he was then appointed as the vice dean and the dean of the School of Tourism and Hotel Management in DUFE in September 1999 and March 2003, respectively. During December 2010 to October 2012, Professor Xie had also been serving as the general manager at Swish-Hotel Dalian.

Professor Xie had undertaken various roles in different tourism organisations over the years, such as a rating inspector of the Dalian Municipal Tourism Hotel Star-rating Committee (大連市旅遊星級飯店評定委員會) and the chairman of the Consultative Committee for Tourism Management Profession in College and Universities under the Ministry of Education (教育部高等學校高職高專旅遊管理類專業教學指導委員會). In July 2002, Professor Xie was invited to assist in organising the 8th Asia Pacific Tourism Association ("APTA") annual conference in Dalian, which was attended by tourism professionals from different countries. From September 2006 to August 2010, he had been further appointed to join the APTA as a national/regional representative for China. Currently, he is the chief expert at the Tourism Basic Theory Research Centre of the China Tourism Research Institute (中國旅遊研究院旅遊基礎理論研究基地), the vice-chairman of the Academic Committee of the China Tourism Research Institute (中國旅遊研究院學術委員會), the vice-chairman of the Tourism Education Sub-committee of the China Tourism Association (中國旅遊協會旅遊教育分會), the chairman of the Consultative Committee for Tourism Management Profession in General College and Universities of Liaoning Province (遼寧省普通高等學校旅遊管理專業教學指導委員會) and a member of the Consultative Committee for Master of Tourism Administration under the State Council Academic Degrees Committee (國務院學位委員會全國旅遊管理專業學位研究生教育指導委員會). Professor Xie is also an academic committee member of Tourism Tribune and a member of the editorial boards of several professional journals such as the Journal of China Tourism Research and Tourism Science. Throughout the years, Professor Xie has compiled and assisted in the preparation of a large amount of research reports, theses, textbooks and monographs on tourism related areas, examples include The Basics of Tourism Studies (基礎旅遊學), Research on Tourism Experience: Toward Empirical Science (旅遊體驗研究：走向實證科學) and Research on Tourism Experience: From a Phenomenological Perspective (旅遊體驗研究：一種現象學的視角).

SENIOR MANAGEMENT

The senior management is responsible for the day-to-day management of the business. The following table sets out certain information concerning the senior management.

Name	Age	Position/Title
Gao Jie (高杰)	43	Executive President and Chief Strategy Officer
Li Xin (李昕)	43	Chief Financial Officer
Liu Jiabin (劉家斌)	46	Chief Operation Officer and Engineering Senior Director
Tan Guangyuan (譚廣元)	43	Senior Operation Director
Zheng Fang (鄭芳)	38	Senior Marketing Director
Li Daqiang (李大強)	52	Senior Product Director
Wang Zan (王瓚)	40	Chief Designer

Gao Jie (高杰), aged 43, had been serving as the chief investment officer since April 2013 and was appointed as the executive president and chief strategy officer in November 2015. He is primarily responsible for business development and management of daily operation. Mr. Gao obtained a bachelor's degree in management information system from the Dalian Maritime University (大連海事大學) in Dalian in July 1995 and a master's degree in industrial economics from the Dongbei University of Finance and Economics (東北財經大學) in Dalian in November 1999.

Mr. Gao has over 19 years of experience in finance and banking. Mr. Gao had been serving as a branch client manager and the branch manager of the China Construction Bank (中國建設銀行) from July 1995 to August 2001 and August 2001 to January 2003, respectively. He was mainly responsible for the overall management and the internal control of the branch. He had then became the general manager of Dalian Hongji Investment Co., Ltd. (大連宏基投資有限公司) between January 2003 and December 2007, where he took part in the operation of the company and enforcement of investment projects. Mr. Gao had been as the general manager of the investment strategy department of Haichang Group Co and Haichang Enterprise Development in November 2007 and March 2010, respectively, his main duties were to develop strategies, analyse the investment market, maintain relationships with financial institutions and investors and explore new areas for investment. Since April 2013, he has been serving as the chief investment officer and the general manager of the corporation development department of Haichang China, he is in charge of strategies formation, investment management, investor relations and legal and internal control compliance matters of the Company.

Li Xin (李昕), aged 43, had been serving as the financial controller since April 2013, and was appointed as the chief financial officer in November 2015. He is primarily responsible for financial management. Mr. Li obtained a bachelor's degree in industrial economics from the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1995. He also obtained a master's degree in law from Jilin University (吉林大學) in Jilin in July 2003. Mr. Li is the husband of Ms. Zheng Fang, the marketing director of the Group.

Mr. Li has over 20 years of experience in finance and taxation. Mr. Li had been serving as an officer in the first investigation bureau of the Dalian Municipal Local Taxation Bureau between August 1995 and August 2002, where he was responsible for the investigation and examination works. In June 2002, Mr. Li became the general manager of the planning and finance department of Haichang Group Co. His responsibilities include, financial management system development, budget formation, assets management, investment and financial reporting and management. In March 2010, Mr. Li was appointed as the general manager of the planning and finance department of Haichang Enterprise Development, where he also started to serve as the chief financial officer in December 2010. In April 2013, he was appointed as the chief financial officer and the general manager of the planning and finance department of Haichang China.

Liu Jiabin (劉家斌), aged 46, had been serving as the project construction director since April 2013 and was appointed as the chief operation officer and engineering senior director in November 2015. He is primarily responsible for the daily operation management of the direct value-add business of the Company, and also responsible for the management of the engineering centre. Mr. Liu completed Executive Master in Business Administration at the Dongbei University of Finance and Economics (東北財經大學) in Dalian in December 2014.

Mr. Liu has over 10 years of experience in property development and management experience. Mr. Liu joined Haichang Group Co in September 2002 as the deputy manager of the resources department and he was responsible for establishing the supply chain for the company. He later had been serving as the general manager of Jiemusi Haixin Housing Development Co., Ltd. (佳木斯海新房屋開發有限公司) from March 2005 to April 2007 and he was responsible for the daily management of the project companies. In April 2007, he rejoined Haichang Group Co as the general manager of the tourism development and management department and from November 2007 to July 2009, he had been serving as the general manager of Chengdu Polar, where he was responsible for establishing the strategic goals and operation model for the company. From March 2010 to February 2013, Mr. Liu had been serving as the general manager of Dalian Fisherman's Wharf Development and Construction Co., Ltd. (大連漁夫碼頭開發建設有限公司), a project company owned by Haichang Real Estate. Since May 2012, Mr. Liu has been serving as the vice president of Haichang Real Estate and he is responsible for overseeing the commercial operation department. Since April 2013, he has been serving as the project construction director and the general manager of the engineering management department of Haichang China.

Tan Guangyuan (譚廣元), aged 43, had been serving as the technical director since April 2013 and was appointed as the senior operation director in November 2015. He is primarily responsible for managing the operation centre. Mr. Tan obtained a bachelor's degree in thermal turbine from the Dalian University of Technology (大連理工大學) in July 1993. He later completed a PhD course in law at the China University of Political Science and Law (中國政法大學) in May 2009 and a research Master in Public Administration (MPA) program at the Party School of Liaoning Provincial Party Committee of the Communist Party of China (中國遼寧省委黨校) in December 2009. In 2006 and 2013, Mr. Tan attended the training courses in the job duties of general manager and senior management organised by CNTA. He was awarded the respective professional training certificates by CNTA in August 2006 and August 2013.

Mr. Tan has over 16 years of experience in the tourism industry. From 1993 to 1999, Mr. Tan had been working as a technician at the Dalian City Construction and Management Bureau (大連城市建設管理局) and from 1999 to 2000, he had been working as an office manager of the reconstruction headquarters at the Laohutan Bay in Dalian where he was responsible for coordinating the daily works of the reconstruction office. Mr. Tan joined Hutan Park in January 2000 as an office manager and was then appointed as the deputy general manager of Dalian Laohutan as a representative of Hutan Park in March 2003 to oversee the operation and administration of Dalian Laohutan Polar Aquarium, facilities engineering and animals management. He was later promoted as the general manager in March 2008 and was responsible for the overall management of the company. Meanwhile, he also became a director of Dalian Laohutan and has been involved in making strategic decisions for the company since then. From 2011 to 2013, Mr. Tan had been serving as the vice president of Haichang Travel and he was responsible for making strategic decisions and managing the human resources, strategic planning and procurement departments. Since April 2013, Mr. Tan has been serving as the technical director of Haichang China. Mr. Tan became the vice group leader of the aquarium standards development leading small group of the National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會) in March 2010, the vice president of the same Association in April 2011 and a guest member of the European Union of Acquisition Curators in October 2011. He also serves as an advisor to the Japanese Cetaceans Center (日本海豚中心).

Zheng Fang (鄭芳), aged 38, had been serving as the marketing director since April 2013 and was appointed as the senior marketing director in November 2015. She is primarily responsible for the management of the sales and marketing centre. Ms. Zheng obtained a bachelor's degree in investment economics from Liaoning University (遼寧大學) in Shenyang in July 1999. Ms. Zheng is the wife of Mr. Li Xin, the chief financial officer of the Group.

Ms. Zheng has over 15 years of experience in investment, corporate finance and management. Ms. Zheng joined Haichang Group Co in June 2000 as the finance manager of the capital department, where she served until March 2006 and was responsible for the coordination, control and tracing of cash, development and implementation of financing plans, development and enhancement of financing channels and provision of supporting skills. In March 2006, she joined Dalian Laohutan as the deputy general manager. She had then become a director of Dalian Laohutan since March 2008 and was promoted as the general manager in April 2011. During her employment, her duties were to develop and implement the annual operation plan and to promote our company to the market. Since April 2013, she has been appointed as the marketing director of Haichang China. In August 2011, she was appointed as a director of the Liaoning Province Wildlife Conservation Association (遼寧省野生動物保護協會). Furthermore, in December 2012, she was appointed as a committee member of the 9th committee of the Chinese People's Political Consultative Conference of Zhongshan District, Dalian City.

Li Daqiang (李大強), aged 52, had been serving as the product director since November 2014 and was appointed as the senior product director in November 2015. He is primarily responsible for the management of the product centre. Mr. Li graduated with a bachelor's degree from the Teachers College of Dalian University in June 1989.

Mr. Li joined Haichang Group Co in February 2003 as the general manager of the property department. From 2005 to 2008, he had been working as the deputy general manager of Dalian Discoveryland and was involved in the construction planning and operation of Dalian Discoveryland. From 2008, Mr. Li has served as the general manager of Dalian Discoveryland, and was responsible for the overall operation and management of the park. During his tenure, Dalian Discoveryland received various domestic tourism industry awards and achieved outstanding operating results, which demonstrated Mr. Li's extensive experience and operational capabilities in sizeable theme parks.

Wang Zan (王瓚), aged 40, had been serving as the planning design director since February 2012 and was appointed as the chief designer in November 2015. He is primarily responsible for the early-phase planning and design of projects of listed companies. Mr. Wang obtained a double bachelor's degree in port channel and river restoration engineering and applied computer engineering and a master's degree in materials science from Dalian University of Technology (大連理工大學) in Dalian in July 1999 and October 2002, respectively.

Mr. Wang has over 12 years of civil engineering, property design and project management experience. Mr. Wang joined Haichang Group Co in 2002 as an employee in the tourism projects development and supervision department, he was responsible for the design of Dalian Discoveryland, Dalian Haichang Commercial and Qingdao Polar Ocean World projects. In October 2003, Mr. Wang was assigned by Haichang Group Co to be fully responsible for the design works of Dalian Discoveryland. From November 2006 to March 2010, he had been working at the planning design department of Haichang Group Co, he was responsible for the design of Chongqing Caribbean Water Park, Chengdu Polar Ocean World, Wuhan Polar Ocean World, Tianjin Polar Ocean World, Yantai Whale Shark Aquarium and Yantai Haichang Yudaishan Hot Spring Resort. He was then appointed as the deputy general manager of the technical management department of Haichang Travel in March 2010 and he was responsible for the management of facilities and techniques, the design works of new projects and projects to be expanded, reconstruction of operating projects, the maintenance of our animals and the management of systems, facilities and energy resources. From March 2011 to February 2012, he had been serving as the general manager of the technical management department of Haichang Travel and was promoted as the planning design director in February 2012. Later in April 2013, Mr. Wang was appointed as the planning design director and the general manager of the planning design department of Haichang China. Mr. Wang has not been a director of any listed companies over the past three years.

COMPANY SECRETARY

Xing Jun (邢軍), aged 38, has been appointed as the company secretary (the "Company Secretary") and the authorised representative of the Company with effect from 27 March 2015.

Mr. Xing joined the Company in July 2014 and is currently the board secretary and investor relations director. He is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom and a charterholder of Chartered Financial Analyst. Mr. Xing holds a master's degree in financial management from Loughborough University in the United Kingdom and he has extensive experience in corporate secretarial functions and had worked in various listed companies in Hong Kong.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in development and operation of theme parks and ancillary commercial properties in the PRC. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2015.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2015 are set out in note 1 to the consolidated financial statements.

HONORARY CHAIRMAN

On 27 March 2015, the Board appointed Yoshihiko Miyauchi (宮內義彥) as Honorary Chairman of the Company for a term of three years.

Mr. Miyauchi will contribute to the Company by providing advice to the Board with respect to various areas including the planning and development, investment strategy, corporate management and cross-border cooperation of the Company. The role of Mr. Miyauchi is in a strictly advisory capacity and he will not participate in the management nor operation of the Company and its subsidiaries.

HUSBANDRY AND CARE OF ANIMALS

1. International and domestic standards serving as the basis for the purchase of animals

In the process of importing animals from abroad, the Group has fully complied with relevant laws and regulations of the PRC and the animal exporting countries (regions) in strict accordance with the procedures as required by the competent authorities.

The following table shows the procedures to be followed and the qualification documents to be obtained in the course of importing animals.

Animal importing procedures	Name of document	Institution to review and approve
Obtaining import and export permits	Provincial or national approvals	Reporting to the national department in charge of forestry and fishery for administrative review and approval upon review and approval by the provincial department in charge of forestry and fishery
	"CITES Permit" or "Certificate for Non-regulated Species"	The Endangered Species Import and Export Management Office or jurisdictional office to issue the certificates

Animal importing procedures	Name of document	Institution to review and approve
Obtaining import quarantine certificate	"Certificate for Animal Quarantine Premises"	Municipal animal quarantine departments to verify, review and approve post-entry animal quarantine premises
	"Import Quarantine Certificate"	Upon review and approval by the provincial department in charge of animal quarantine, reporting to the General Administration of Quality Supervision, Inspection and Quarantine for review and approval and, when approved, the provincial department in charge of animal quarantine to issue certificates
Obtaining tax exemption certificate	"Tax Exemption Certificate"	Reporting to the Endangered Species Import and Export Management Office for review and approval upon review and approval by the provincial department in charge of forestry and fishery
	"Tax Exemption Certificate for Goods"	Territorial customs office to issue the certificates
Obtaining customs clearance	"Customs Clearance"	The owner to submit a bill of entry when the goods are imported and the inspection and customs department to issue customs clearance upon inspection

2. International and domestic standards serving as the basis for the rearing of animals

In terms of animal rearing administration, the Group has formulated the Haichang Animal Management Standards ("HASM"), taking reference to some sections in the regulations of the U.S. Department of Agriculture concerning the administration of marine mammals, and based on the requirements of the industry standards such as rearing facilities and water quality of aquatic mammals issued by the Chinese Ministry of Agriculture. This standard include environment standard, water quality standard, facility standard, feeds and additives standard, body indicator standard, as well as conduct standards such as feeding, training and medical care for animal rearing, setting out regulations on every aspect involved in animal rearing from protection system and service system. HAMS is the existing management standard of the Group in animal rearing management.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 73 of this annual report.

FINAL DIVIDEND

The Board does not recommend payment of any dividend in respect of the year ended 31 December 2015.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK$2,374.4 million and they were applied in the manner disclosed in the Prospectus.

The balance of the unutilised proceeds, deposited in normal interest bearing saving accounts, is expected to be applied by the Company as stated in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Based on the current progress of Shanghai Haichang Polar Ocean Park and Sanya Haitang Bay Dream World projects, including the required approval procedures regarding site selection, land grant, and the planning and design, the Company has used part of the proceeds to pay the land transferring fees for Shanghai Haichang Polar Ocean Park and Sanya Haitang Bay Dream World projects. In addition, the Directors will consider utilising the unused portion of proceeds from the Listing to repay the Company's existing bank loans and other borrowings and interests accrued thereon if they are of the view that it is commercially desirable and in the interests of the shareholders as a whole for the Company to do so. The Company is also negotiating with related banks regarding the facility arrangements to ensure sufficient financial support to Shanghai Haichang Polar Ocean Park and/or Sanya Haitang Bay Dream World if necessary.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, the percentage of purchases attributable to the Group's major suppliers are as follows:

– the largest supplier: 5.6%

– five largest suppliers in aggregate: 19.1%

The percentages of sales for the year attributable to the Group's major customers are as follows:

– the largest customer: 3.3%

– five largest customers in aggregate: 8.6%

As far as the Company is aware, none of the Directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the abovementioned suppliers and customers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2015 are set out in note 12 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 33 to the consolidated financial statements in this annual report.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme by the written resolutions of the shareholders of the Company on 23 February 2014 (the "Share Option Scheme"). Pursuant to the Share Option Scheme, the Directors may, at its absolute discretion, invite any eligible person to take up options to subscribe for Shares subject to the terms and conditions of the Share Option Scheme. The purposes of the Share Option Scheme is to grant options to selected participants as incentives or rewards for their contribution to the Company.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 2% of the Shares in issue on the Listing Date, being 80,000,000 Shares ("General Scheme Limit").

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his close associates (or his associates if he is a connected person) abstaining from voting.

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised. A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

No share options were granted, exercised, cancelled or lapsed under the Share Option Scheme for the year ended 31 December 2015 and no expenses were recognised by the Group for 2015 (2014: nil).

MANAGEMENT TRUST

Mr. Qu Naijie set up a management trust (the "Management Trust") in January 2014. The Management Trust is a revocable discretionary trust settled by Mr. Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognising and rewarding the contributions of certain eligible persons (the "Beneficiaries"). Speedy Journey Investment Limited is holding the Shares as nominee for Cantrust (Far East) Limited as trustee of the Management Trust and Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. As at 31 December 2015, Speedy Journey Investment Limited is interested in 127,756,000 Shares, representing approximately 3.19% of the issued share capital of the Company.

It is the intention of Mr. Qu Naijie and the trustee that the Beneficiaries of the Management Trust include Mr. Qu Naijie himself and a group of eligible persons who had contributed or will contribute to the development and operations of the Group. The group of eligible persons comprises persons who are currently employees of the Group and any such persons who have contributed or will contribute to the operations and development of the Group, and these Beneficiaries may hold up to approximately 3.19% of the issued share capital of the Company. Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but Mr. Qu

Naijie, as settlor of the Management Trust, may request Cantrust (Far East) Limited as trustee to make distributions of such Shares to one or more Beneficiaries, including himself. For the year ended 31 December 2015, no decision had been made by Mr. Qu Naijie or the trustee with respect to any such distribution.

RESERVES

Details of movement in the reserves of the Company and the Group during the year ended 31 December 2015 are set out on page 77 in the consolidated statement of changes in equity of this annual report and in note 35 and note 45 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2015, calculated under the Companies Law, amounted to RMB2,750,089,000 representing share premium and capital reserves of RMB2,800,122,000, setting off by accumulated losses of RMB50,033,000.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are set out in note 29 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors in office during the financial year and as at the date of this annual report were as follows:

Executive Directors

Wang Xuguang (王旭光) *(Chief Executive Officer)*
Zhao Wenjing (趙文敬) *(Joint President)*
Qu Naiqiang (曲乃強) *(Joint President)*

Non-executive Directors

Qu Naijie (曲乃杰) (Chairman)
Makoto Inoue (井上亮)
Yuan Bing (袁兵)

Independent Non-executive Directors

Fang Hongxing (方紅星)
Sun Jianyi (孫建一)
Xie Yanjun (謝彥君)

Further details of the Directors are set forth in the section headed "Directors and Senior Management" of this annual report.

In accordance with article 16.18 of the Articles of Association, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation at the forthcoming annual general meeting of the Company and shall be eligible to offer themselves for re-election.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 23 to 33 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation of each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

SERVICE AGREEMENTS OF DIRECTORS

None of the Directors has any unexpired service contracts which is not determinable by the Company or its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contract of significance in relation to the Group's business to which the Company, or its subsidiaries, fellow subsidiaries or its parent companies were a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, Mr. Qu Naijie and Haichang Group Limited (collectively, the "Controlling Shareholders") do not have any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2015.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

EMOLUMENT POLICY

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the Directors of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in note 9 to the consolidated financial statements in this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Director	**Capacity/Nature of Interest**	**Number of Shares**	**Approximate Percentage of Total Issued Shares**
Mr. Qu Naijie (Note)	Beneficiary of a trust and founder of a trust	2,011,868,524(L)	50.30%
Mr. Qu Naiqiang	Beneficial owner	5,200,000(L)	0.13%
Mr. Wang Xuguang	Beneficial owner	8,000,000(L)	0.20%
Mr. Zhao Wenjing	Beneficial owner	5,200,000(L)	0.13%

Note:

(i) Mr. Qu Naijie is the protector of a discretionary family trust (the "Family Trust") under which BNP Paribas Singapore Trust Corporation Limited ("BNP Trustee") is the trustee. Manmount Limited is wholly and beneficially owned by BNP Paribas Corporate Services Pte. Ltd. ("BNP Corporate Services"), which is the nominee for the Family Trust and a sole director of Manmount Limited. BNP Corporate Services is wholly and beneficially owned by BNP Trustee.

The trust properties of the Family Trust mainly included, as at 31 December 2015, the entire issued share capital of Haichang Group Limited, which beneficially owned 1,884,092,524 Shares, representing approximately 47.10% of the total issued share capital of the Company.

(ii) Mr. Qu Naijie beneficially holds the entire equity interest in Haichang Group Limited and is the settlor and a beneficiary of the Management Trust. Cantrust (Far East) Limited is the trustee of the Management Trust and wholly and beneficially owns the entire equity interest Speedy Journey Investment Limited.

Speedy Journey Investment Limited beneficially owned 127,756,000 Shares, representing approximately 3.19% of the total issued share capital of the Company.

Therefore, Mr. Qu Naijie is deemed to be interested in 1,884,092,524 Shares held by Haichang Group Limited as disclosed above and the 127,756,000 Shares held by Speedy Journey Investment Limited in the Company, together representing approximately 50.30% of the total issued share capital of the Company.

(L) denotes a long position in the Shares.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares
BNP Paribas Corporate Services Pte. Ltd.	Interest in a controlled corporation	1,884,092,524(L)	47.10%
BNP Parisbas Singapore Trust Corporation Limited	Interest in a controlled corporation	1,884,092,524(L)	47.10%
Manmount Limited	Interest in a controlled corporation	1,884,092,524(L)	47.10%
Haichang Group Limited	Beneficial owner	1,967,177,000(L)	47.10%
Time Dynasty Limited	Beneficial owner	400,444,000(L)	10.01%
Hony Capital Fund V GP Limited	Interest in a controlled corporation	400,444,000(L)	10.01%
Hony Capital Fund V GP, L.P.	Interest in a controlled corporation	400,444,000(L)	10.01%
Hony Capital Fund V L.P.	Interest in a controlled corporation	400,444,000(L)	10.01%
Hony Capital Management Limited	Interest in a controlled corporation	400,444,000(L)	10.01%
Hony Managing Partners Limited	Interest in a controlled corporation	400,444,000(L)	10.01%
Zhao John Huan	Interest in a controlled corporation	400,444,000(L)	10.01%
Oriental Camellia Investment Limited	Beneficial owner	393,384,000(L)	9.83%
ORIX (China) Investment Company Limited	Interest in a controlled corporation	393,384,000(L)	9.83%
ORIX Corporation	Interest in a controlled corporation	393,384,000(L)	9.83%

(L) denotes a long position in the Shares.

Other than as disclosed above, as at 31 December 2015, the Directors have not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DEED OF NON-COMPETITION FROM THE CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under a deed of non-competition (the "Deed of Non-competition") in favour of the Company entered into on 27 February 2014. Details of the Deed of Non-competition were disclosed in the Prospectus under the section headed "Relationship with our Controlling Shareholders".

An independent board committee (the "Independent Board Committee") consisting exclusively of independent non-executive Directors is set up to monitor the execution and the performance of obligations of the Deed of Non-competition by the Controlling Shareholders. For the year ended 31 December 2015, the Independent Board Committee have reviewed the status of compliance, including reviewing a notice from the controlling shareholders and a report from the Company in relation to two residential properties development projects, and confirmed that the Controlling Shareholders have complied with their obligations under the Deed of Non-competition, and has concluded that pursuing the residential properties development projects by the controlling shareholders would not directly or materially compete with the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as described in the Prospectus and this annual report, as at the year ended 31 December 2015, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 40 to the consolidated financial statements, the following transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

As at 31 December 2015, the Group had entered into the following continuing connected transactions which are required to be disclosed in this annual report pursuant to Chapter 14A of the Listing Rules.

(1) Office Lease

Haichang China, as landlord, entered into a lease dated 24 January 2014 (the "Office Lease") with Haichang Enterprise Development, as tenant, pursuant to which Haichang China has agreed to lease premises for office use to Haichang Enterprise Development for a term of two years from 1 January 2014 to 31 December 2015. As at 31 December 2015, Mr. Qu Naijie, the Controlling Shareholder and a Director, held approximately 62.27% of the equity interests of Haichang Enterprise Development indirectly. As such, Haichang Enterprise Development is an associate of Mr. Qu Naijie and a connected person of the Company for the purpose of the Listing Rules.

The monthly rent under the Office Lease is in an amount of RMB400,000 and was determined after Haichang China had consulted the property valuer on the prevailing market rent. The annual caps for the Office Lease for each of the two years ending 31 December 2014 and 2015 are RMB4,800,000 and RMB4,800,000 respectively. During the year ended 31 December 2015, the annual cap for the Office Lease has not been exceeded.

Further details of the above continuing connected transaction were fully disclosed in the Prospectus under the section headed "Connected Transactions".

(2) Project Management Framework Agreement

Haichang Enterprise Development and Haichang China entered into a project management framework agreement (the "Project Management Framework Agreement") on 24 January 2014, pursuant to which the Group will provide project management and quality control services for the real estate projects of Haichang Enterprise Development in China for the period from the Listing Date to 31 December 2015. Pursuant to the Project Management Framework Agreement, a specific agreement will be signed for each project with specific service terms. The fees payable to the Group for each project will be negotiated on an arm's length basis.

The estimated construction contract sum for the relevant period is based on the projected development schedule of Haichang Enterprise Development, taking into consideration their projected commencement dates, project durations and sizes, which are determined by (i) the projected real estate market demand in the relevant cities; (ii) the projected construction costs; and (iii) the projected macroeconomic conditions. Other factors affecting the estimated construction contract sum, including (i) the land acquisition and relocation compensation costs; (ii) construction and installation costs (e.g. raw material and machinery costs); (iii) overhead costs (e.g. wages, depreciation costs, electricity and water costs), etc. are also taken into account. On this basis, the estimated construction contract sum for the year ending 31 December 2015 is RMB896 million. Therefore, the proposed annual caps (being 1% of the estimated construction contract sums) for the two years ending 31 December 2014 and 2015 are RMB7,600,000 and RMB9,000,000, respectively. For the year ended 31 December 2015, the total construction contract sums amounts to approximately RMB707,800,000, and therefore the annual cap for the Project Management Framework Agreement for that year has not been exceeded.

Further details of the above continuing connected transaction were fully disclosed in the Prospectus under the section headed "Connected Transactions".

(3) Property Management Agreements

On 19 September 2014, the Group entered into the five management agreements (the "Property Management Agreements") with Dalian Haichang Property Management Co., Ltd. (大連海昌物業管理有限公司) ("Dalian Property Management"), Tianjin Haichang Polar Property Management Co., Ltd. (天津海昌極地物業管理有限公司) ("Tianjin Property Management"), Wuhan Haichang Property Management Co., Ltd. (武漢海昌物業管理有限公司) ("Wuhan Property Management") and Yantai Haichang Property Management Co., Ltd. (煙台海昌物業管理有限公司) ("Yantai Property Management") (collectively, the "Management Companies"), pursuant to which the Management Companies agreed to provide property management services to some of the subsidiaries of the Group in relation to certain unsold or unleased ancillary commercial properties owned by the Group in Dalian, Tianjin, Wuhan and Yantai of the PRC for a term of three years commencing from 19 September 2014.

As at 19 September 2014, Mr. Qu Naijie, the Controlling Shareholder and a Director, held 60% equity interests in Haichang Group Co. Hence, Haichang Group Co is an associate of Mr. Qu Naijie and a connected person of the Company. As Dalian Property Management is a direct subsidiary of Haichang Group Co and Tianjin Property Management, Wuhan Property Management and Yantai Property Management are indirect subsidiaries of Haichang Group Co, each of the Management Companies is an associate of Mr. Qu Naijie and a connected person of the Company. Accordingly, the transactions contemplated under the Property Management Agreements constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

The major terms of the Property Management Agreements are as follows:

Management Company:	**Dalian Property Management**	**Dalian Property Management**	**Tianjin Property Management**	**Wuhan Property Management**	**Yantai Property Management**
Property being managed:	the ancillary commercial properties owned by the Group in Haichang Xincheng, Dalian. The property management services to be provided include (i) facilities maintenance and fire and public safety management, (ii) road traffic and car park management, (iii) daily hygiene maintenance and regular cleaning and (iv) greening and gardening of the areas	the ancillary commercial properties owned by the Group in Dalian Laohutan Fishermen's Wharf, Dalian. The property management services to be provided include (i) facilities maintenance and fire and public safety management, (ii) road traffic and car park management, (iii) daily hygiene maintenance and regular cleaning and (iv) greening and gardening of the areas	the unsold or unleased ancillary commercial properties owned by the Group in Tianjin. The ancillary commercial properties in Tianjin comprise commercial street properties, commercial properties beneath serviced apartments and serviced apartments. The property management services to be provided include (i) repairing, maintenance and management of common areas and public facilities, (ii) maintenance of hygiene and cleanliness of common areas, rubbish collection and rain water and sewage pipes clearance, (iii) maintenance and management of public greening, (iv) vehicles parking management, (v) maintenance and management of public safety and security, (vi) decoration and refurbishment management and (vii) management of documents in connection with the properties	the unsold or unleased commercial street properties owned by the Group in the commercial street (phase 1) in Wuhan. The property management services to be provided include (i) repairing, management and maintenance of public ground structures and their ancillary facilities, (ii) operation, management, maintenance and repairing of public facilities, (iii) automated systems maintenance and management, (iv) fire and public safety management, (v) road traffic and car park management, (vi) daily hygiene maintenance and regular cleaning, (vii) greening and gardening of the areas, (viii) development of good communication with tenants of the properties and (ix) maintenance of documents in connection with the properties and development of tenants records	the unsold or unleased commercial street properties owned by the Group in Yantai Fishermen's Wharf. The property management services to be provided include (i) repairing, maintenance and management of common areas and public facilities, (ii) maintenance of hygiene and cleanliness of common areas, rubbish collection and rain water and sewage pipes clearance, (iii) maintenance and management of public greening, (iv) vehicles parking management, (v) maintenance and management of public safety and security, (vi) decoration and refurbishment management and (vii) management of documents in connection with the properties

Management fee:	The management fee is calculated by reference to the total gross floor area of the unleased or unsold ancillary commercial properties and Haichang China shall pay a management fee of RMB2.5 per square metre per month. As at 21 September 2014, the total gross floor area of the unleased or unsold ancillary commercial properties in Haichang Xincheng is approximately 12,392.03 square metres and the management fee payable by Haichang China is approximately RMB371,761 (approximately HK$468,419) per year	The management fee is calculated by reference to the total gross floor area of the unleased or unsold ancillary commercial properties and Haichang China shall pay a management fee of RMB3.9 per square metre per month. As at 21 September 2014, the total gross floor area of the unleased or unsold ancillary commercial properties in Dalian Laohutan Fishermen's Wharf is approximately 5,825.87 square metres and the management fee payable by Haichang China is approximately RMB272,651 (approximately HK$343,540) per year	The management fee is calculated by reference to the total gross floor area of the unleased or unsold ancillary commercial properties and Tianjin Polar shall pay a management fee of (i) RMB2.23 per square metre per month in respect of commercial street properties and commercial properties beneath serviced apartments, (ii) RMB2.73 per square metre per month in respect of unsold serviced apartments and (iii) RMB1.46 per square metre per month in respect of sold serviced apartments (as subsidies to purchasers of serviced apartments). As at 21 September 2014, the total gross floor area of the unleased and unsold commercial street properties, unleased and unsold commercial properties beneath serviced apartments, unsold serviced apartments and sold serviced apartments are approximately 18,517 square metres, 1,232 square metres, 957 sq. m. and 11,768 square metres, respectively. As such, the management fee payable by Tianjin Polar is approximately RMB766,010 (approximately HK$965,173) per year. In addition, a property management activation fee of RMB15 per square metre is payable with respect to the properties with a total gross floor area of approximately 66,552.06 square metres	The management fee is calculated by reference to the total gross floor area of the unleased or unsold commercial street properties and Wuhan Polar shall pay a management fee of RMB2.5 per square metre per month. As at 21 September 2014, the total gross floor area of the unleased or unsold commercial street properties in the commercial street (phase 1) in Wuhan is approximately 33,700 square metres and the management fee payable by Wuhan Polar is approximately RMB1,011,000 (approximately HK$1,273,860) per year. If commercial street properties are sold or leased during the term of this Management Agreement, the management fee shall be adjusted in accordance with the above monthly rate per square metre with reference to the actual time of the sale or leasing	The management fee is calculated by reference to the total gross floor area of the unleased or unsold commercial street properties and Yantai Fishermen shall pay a management fee of RMB1.5 per square metre per month. As at 21 September 2014, the total gross floor area of the unleased or unsold commercial street properties in Yantai Fishermen's Wharf is approximately 4,406 square metres and the management fee payable by Yantai Fishermen is approximately RMB79,308 (approximately HK$99,928) per year. If commercial street properties are sold or leased during the term of this Management Agreement, the management fee shall be adjusted in accordance with the above monthly rate per square metre with reference to the actual time of the sale or leasing

Further details of the above continuing connected transactions are disclosed in the Company's announcement dated 21 September 2014.

(4) Property Leasing Agreements

On 14 October 2014, the Group entered into the five property leasing agreements (the "Property Leasing Agreements") with Dalian Shibo Real Estate Development Co., Ltd. (大連世博房地產開發有限公司) ("Shibo Real Estate"), Tianjin Polar Tourism Co., Ltd. (天津極地旅遊有限公司) ("Tianjin Real Estate"), Wuhan Chuangfu Real Estate Development Co., Ltd. (武漢創富房地產開發有限公司) ("Wuhan Real Estate") and Yantai Fishermen's Wharf Investment Co., Ltd. (煙台漁人碼頭投資有限公司) ("Yantai Tourism Development") (collectively, the "Connected Counterparties"), pursuant to which certain vacant ancillary commercial properties owned by the Group in Dalian, Tianjin, Wuhan and Yantai of the PRC are leased by the Group to the Connected Counterparties for a term of three years commencing from 19 September 2014.

As at 14 October 2014, Mr. Qu Naijie, the Controlling Shareholder and a Director, held approximately 62.27% and 60% equity interests in Haichang Enterprise Development and Haichang Group Co, respectively. As Shibo Real Estate, Tianjin Real Estate and Wuhan Real Estate are indirect wholly-owned subsidiaries of Haichang Enterprise Development and Yantai Tourism Development is a wholly-owned subsidiary of Haichang Group Co, each of the Connected Counterparties is an associate of Mr. Qu Naijie and thus a connected person of the Company. Accordingly, the transactions contemplated under the Property Leasing Agreements constituted continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

On 15 September 2015, the Group, Shibo Real Estate and Dalian East Water City Development Limited (大連東方水城發展有限公司) ("Dalian East Water City") entered into a supplemental agreement (the "supplemental agreement") to the relevant property leasing agreement (the "Lease Agreement") dated 14 October 2014. Pursuant to Supplemental Agreement, East Water City replaced Shibo Real Estate as the lessee of the Lease Agreement. From the date of the Supplemental Agreement, Shibo Real Estate has ceased to enjoy any rights and have any obligations and East Water City has inherited such rights and obligations for the rest of the term under the Lease Agreement.

As at 15 September 2015, Mr. Qu Naijie, the Controlling Shareholder and a Director, held approximately 62.27% equity interests in Haichang Enterprise Development. As Dalian East Water City is indirect wholly-owned subsidiary of Haichang Enterprise Development, Dalian East Water City is an associate of Mr. Qu Naijie and thus a connected person of the Company. Accordingly, the transactions contemplated under the Supplemental Agreement fell within the continuing connected transaction contemplated under the Lease Agreement of the Company under Rule 14A.31 of the Listing Rules.

The major terms of the Property Leasing Agreements are as follows:

Connected Counterparty:	Shibo Real Estate/ Dalian East Water City (Note)	Tianjin Real Estate	Wuhan Real Estate	Wuhan Real Estate	Yantai Tourism Development
Leased property:	Shop No.701 in Dalian Laohutan Fishermen's Wharf, Dalian, with a gross floor area of approximately 1,717.25 square metres	Shops No. 25-2, 25-3, 25-4 and 25-5 of Building No.25 in the commercial streets adjacent to Tianjin Polar Ocean World, with a total gross floor area of approximately 1,830.61 square metres	Shop No.301 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World, with a gross floor area of approximately 4,920.00 square metres	Units No.01 and 02 of Shop No.409 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World, with a total gross floor area of approximately 470.40 square metres	Shop No.14 (eastern section) in Yantai Fishermen's Wharf, Yantai, with a gross floor area of approximately 1,373.58 square metres
Usage:	Office	Office	Office	Office or other usage to be agreed between the Group and Wuhan Real Estate	Office
Rental:	RMB4 per square metre per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB208,932, RMB219,379 and RMB230,348, respectively	RMB3 per square meter per day (exclusive of property management fee and utilities) in 2014 and subject to monthly rental charge of RMB122,423 from 1 January 2015 to 31 December 2015	RMB1.8 per square metre per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB269,370, RMB282,839 and RMB296,981, respectively	RMB1.8 per square metre per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB25,754, RMB27,042 and RMB28,394, respectively	RMB2.5 per square metre per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB104,449, RMB109,672 and RMB115,155, respectively

Note: Before the date of the Supplemental Agreement, i.e. 15 September 2015, the connected counterparty had been Shibo Real Estate. Since the date of the Supplemental Agreement, the connected counterparty had been Dalian East Water City.

Further details of the above continuing connected transactions were disclosed in the Company's announcement dated 14 October 2014.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2015 is contained in note 40 to the consolidated financial statements in this annual report.

The Directors (including the independent non-executive Directors) have reviewed the continuing connected transactions as contemplated under the Office Lease, the Property Management Framework Agreement, the Property Leasing Agreements and the Property Management Agreements as described above and confirmed that during the year ended 31 December 2015, such transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions:

(i) nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus and the relevant announcements of the Company in respect of each of the disclosed continuing connected transactions.

The Company has complied with the disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2015.

POST BALANCE SHEET EVENTS

Please see the section headed "Management Discussion and Analysis" in this annual report for a summary of the major events that have occurred in relation to the Company since the balance sheet date.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by Ernst & Young, the auditors of the Company.

During the preceding three years, there has been no change in the Company's auditors.

AUDIT COMMITTEE

As at the date of this annual report, the audit committee (the "Audit Committee") of the Company comprises three independent non-executive Directors, namely Professor Fang Hongxing, Mr. Sun Jianyi and Professor Xie Yanjun, all of whom are independent non-executive Directors. Professor Fang Hongxing is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors and the Company's external auditor the audited annual results of the Group for the year ended 31 December 2015.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules during the year ended 31 December 2015.

On behalf of the Board
Mr. Wang Xuguang
Executive Director and Chief Executive Officer

March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has been in compliance with the CG code provisions of the CG Code during the year ended 31 December 2015 except as disclosed below.

Under code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31 December 2015, two Board meetings had been held in March and August 2015. As the business operations of the Company were under the management and supervision of the executive Directors who had from time to time held meetings or communicated through electronic means with the rest of the Board to revolve all material business or management issues and therefore certain Board resolutions were concluded through circulation of written resolutions. The Group's business, operation and management have been conducted properly under the management and supervision of the executive Directors. The Company will ensure compliance with the requirement of code provision A.1.1 of the CG Code in future.

Under code provision A.6.7 of the CG Code, all non-executive Directors are recommended to attend general meetings of the Company. However, all non-executive Directors (including independent non-executive Directors) were absent from the annual general meeting of the Company held on 25 June 2015 (the "2014 AGM") due to pre-arranged business commitments.

Under code provision E.1.2 of the CG Code, the chairman of the Board is recommended to attend annual general meetings of the Company and to invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) of the Company to attend. Mr. Qu Naijie, being the chairman of the Board, was absent from the 2014 AGM due to a pre-arranged business commitment. Mr. Wang Xuguang was chosen as the chairman of the 2014 AGM. The chairmen of all the other committees of the Company were absent from the 2014 AGM due to pre-arranged business commitments.

The key corporate governance principles and practices of the Company are outlined later in this annual report.

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group.

To oversee particular aspects of the Company's affairs, the Board has established five Board committees, namely the Audit Committee, the remuneration committee (the "Remuneration Committee"), the Nomination Committee, the Risk Management and Corporate Governance Committee and the Independent Board Committee (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Board composition

As at the date of this annual report, the Board comprises nine members, consisting of three executive Directors (the "Executive Directors"), three non-executive Directors (the "Non-executive Directors") and three independent non-executive Directors (the "Independent Non-executive Directors"), whose information is set out in the following table.

Name of Director	Position	Date of first appointment to the Board	Date of last re-election as Director
Wang Xuguang (王旭光)	Executive Director and Chief Executive Officer	19 July 2012	25 June 2015
Zhao Wenjing (趙文敬)	Executive Director and Joint President	19 July 2012	25 June 2015
Qu Naiqiang (曲乃強)	Executive Director and Joint President	19 July 2012	25 June 2015
Qu Naijie (曲乃杰)	Chairman and Non-executive Director	21 November 2011	25 June 2014
Makoto Inoue (井上亮)	Non-executive Director	19 July 2012	25 June 2014
Yuan Bing (袁兵)	Non-executive Director	24 August 2012	25 June 2014
Fang Hongxing (方紅星)	Independent Non-executive Director	23 February 2014	25 June 2014
Sun Jianyi (孫建一)	Independent Non-executive Director	23 February 2014	25 June 2014
Xie Yanjun (謝彥君)	Independent Non-executive Director	22 August 2014	25 June 2015

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 23 to 34 of this annual report. The relationships between the members of the Board are also disclosed under that section.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent Non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management and Corporate Governance Committee and the Independent Board Committee.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

The Directors have been provided with the relevant training to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a director of a listed company as well as the compliance practice under the Listing Rules. The Company from time to time updates and provides written training materials to the Directors, and organises seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to directors' duties and responsibilities. The Directors may request the Company, pursuant to the policy for Directors to seek independent professional advice, to provide independent professional advice at the expense of the Company to discharge his duties to the Company.

According to records provided by the Directors, a summary of training attended by the Directors during the year ended 31 December 2015 is as follows:

Directors	**Attendance**
Wang Xuguang (王旭光)	February and November 2015
Zhao Wenjing (趙文敬)	February and March 2015
Qu Naiqiang (曲乃強)	February 2015
Qu Naijie (曲乃杰)	February, May and August 2015
Makoto Inoue (井上亮)	February, May, September and November 2015
Yuan Bing (袁兵)	February and April 2015
Fang Hongxing (方紅星)	February, September and October 2015
Sun Jianyi (孫建一)	March, May, August and October 2015
Xie Yanjun (謝彥君)	February 2015

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. The chairman of the Board and the chief executive officer of the Company are currently two separate positions held by Mr. Qu Naijie and Mr. Wang Xuguang, respectively, in order to reinforce their independence and accountability. There are clear demarcations of responsibility and authority between the chairman and the chief executive officer which ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The chairman of the Board is responsible for overall strategic planning and overseeing the general corporate, financial and compliance affairs of the Group. The chief executive officer is primarily responsible for the strategic decision making and the management of the Group.

NON-EXECUTIVE DIRECTORS – TERM OF APPOINTMENT

None of the Non-executive Directors are appointed for a specific term of longer than three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2015, the Company was in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company was also in compliance with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the board.

The Company has received written annual confirmation from each of the Independent Non-executive Directors on his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

DIRECTORS' SERVICE AGREEMENTS

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has any service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

NOMINATION, APPOINTMENT, RETIREMENT AND RE-ELECTION

In accordance with the Articles of Association, at least one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation and shall be eligible for re-election and re-appointment at every annual general meeting provided that each Director shall be subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next general meeting after appointment.

BOARD MEETINGS

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals which are normally scheduled in the fourth quarter of the year. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular board meetings. The Board will also hold meeting on other occasions when a board-level decision on a particular matter is required. Reasonable notice will generally be given.

During the year ended 31 December 2015, two Board meetings and one general meeting had been held. The attendance records of the Directors at these meetings are set out below:

Directors	**No. of Board meetings attended/ No. of Board meetings held**	**No. of general meetings attended/ No. of general meetings held**
Wang Xuguang (王旭光)	2/2	1/1
Zhao Wenjing (趙文敬)	2/2	0/1
Qu Naiqiang (曲乃強)	2/2	0/1
Qu Naijie (曲乃杰)	2/2	0/1
Makoto Inoue (井上亮)	2/2	0/1
Yuan Bing (袁兵)	2/2	0/1
Fang Hongxing (方紅星)	2/2	0/1
Sun Jianyi (孫建一)	2/2	0/1
Xie Yanjun (謝彥君)	2/2	0/1

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that the Directors have complied with the required standard set out in the Model Code throughout the year of 2015.

DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors and has delegated the corporate governance duties to the Audit Committee which include:

- to monitor the Company's corporate governance, to report to the Board on the Company's compliance with the CG Code and to review disclosure in this report;

- to develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;

- to review and monitor the Company's policies and practice on compliance with the legal and regulatory requirements;

- to develop, review and monitor the code of conduct and business ethics for the Directors and employees of the Company; and

- to review and monitor the training and continuous professional development of Directors and senior management.

NOMINATION COMMITTEE

The Nomination Committee was established on 23 February 2014. As at the date of this annual report, the Nomination Committee consists of three members, being Mr. Qu Naijie, our Non-executive Director, Mr. Sun Jianyi and Professor Xie Yanjun, our Independent Non-executive Directors. Mr. Qu Naijie is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

The principal duties of the Nomination Committee include the following:

- to review, at least once a year, the structure, size and composition (including the skills, knowledge and experience) of the Board and to make recommendation on any proposed changes to the Board due to the implementation of the corporate strategies of the Company;
- to identify individual who has the suitable qualifications to become a Director and to nominate such person to act as a Director or to provide recommendation to the Board in relation to this;
- to assess the independence of Independent Non-executive Directors;
- to make recommendation to the Board on the appointment or re-appointment of Directors and the succession plan of Directors (particularly, the chairman of the Board and the President of the Group/Chief Executive Officer);
- to review and monitor the training and continuous professional development of Directors and senior management; and
- to formulate a policy concerning the diversity of Board members and to disclose such policy or a summary of such in the corporate governance report.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Company believes that the increasing diversity at the board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development. Therefore, the Company has adopted a Board diversity policy in accordance with the requirement set out in the CG Code. Diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

During the year ended 31 December 2015, a meeting of the Nomination Committee was held in March 2015 to review the structure, size, composition and diversity of the Board. The attendance record of each member at the Nomination Committee meeting is set out below:

Directors	No. of meetings attended/ No. of meetings held
Qu Naijie (曲乃杰)	1/1
Sun Jianyi (孫建一)	1/1
Xie Yanjun (謝彥君)	1/1

REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 February 2014. As at the date of this annual report, the Remuneration Committee consists of three members, being Mr. Wang Xuguang, our Executive Director, Mr. Sun Jianyi and Professor Fang Hongxing, our Independent Non-executive Directors. Mr. Sun Jianyi is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following:

- to consult the chairman and/or chief executive officer for their remuneration proposals for other Executive Directors and senior management. The Remuneration Committee should have access to independent professional advice if necessary;

- to make recommendation to the Board on the Company's policy and structure for remuneration of all Directors and senior management (including grant of share options to employees pursuant to the Company's Share Option Scheme) and on the establishment of a formal and transparent procedure for developing the remuneration policy;

- to review and approve the remuneration proposals for senior management with reference to the corporate goals and objectives established by the Board;

- to determine, when the Board delegates its responsibilities, the remuneration packages for a particular Executive Director and senior management, including non-pecuniary benefits, pension rights and amount of compensation (including compensation payable for loss or termination of office or appointment);

- to make recommendation to the Board on the remuneration of the Non-executive Directors;

- to consider the salaries paid by and the time commitment and responsibilities requested by companies of similar nature and the employment criteria for other positions of the Group;

- to review and approve the compensation payable to the Executive Directors and senior management for loss or termination of office or appointment such that it is consistent with the contractual terms or is otherwise fair, reasonable and not excessive;

- to review and approve the compensation arrangements in relation to dismissal or removal of Directors for misconduct such that they are consistent with the contractual terms or are otherwise reasonable and appropriate; and

- to ensure that no Director or any of his associates shall be involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2015, a meeting of the Remuneration Committee was held in March 2015 to review the remuneration policy and structure of the Company. The attendance record of each member at the Remuneration Committee meeting is set out below:

Directors	**No. of meetings attended/ No. of meetings held**
Wang Xuguang (王旭光)	1/1
Fang Hongxing (方紅星)	1/1
Sun Jianyi (孫建一)	1/1

AUDIT COMMITTEE

The Audit Committee was established on 23 February 2014. As at the date of this annual report, the Audit Committee consists of three members, namely Professor Fang Hongxing, Mr. Sun Jianyi and Professor Xie Yanjun, our Independent Non-executive Directors. Professor Fang Hongxing who possessed the appropriate professional qualifications has been appointed as the chairman of the Audit Committee.

The primary duties of the audit committee include:

Relationship with the external auditor

- to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues of its resignation or dismissal;

- to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit process commences;

- to monitor the compliance of the Company's policy on the engagement of the external auditor for the performance of non-audit services and the hiring of employees or former employees of the external auditor;

- to act as the key representative body for overseeing the relationship between the Company and the external auditor;

Financial information for public disclosure

- to monitor the completeness of the Company's interim and annual reports and financial statements, and review significant financial reporting judgments contained in the reports and statements before recommending them to the Board for approval, with particular emphasis on:

    - any changes in the accounting policies and practice of the Group;

    - major judgmental areas (including those in the representation letter from the Company to the external auditor);

    - significant account adjustments resulting from the audit process;

    - the going concern assumptions and any qualifications;

    - compliance with accounting and auditing standards;

    - compliance with the Listing Rules and legal requirements in relation to financial reporting; and

- to consider any significant or unusual items that are, or should be, reflected in the reports and financial statements and give due consideration to any matters and reservations that have been raised by the staffs of the Company who are responsible for the accounting and financial reporting functions, the Chief Compliance Officer of the Group and internal and external auditors;

Monitoring of the financial reporting system and internal control procedures

- to review the Company's financial control, internal control and risk management systems;
- to discuss the internal control system with the management to ensure that the management has performed its duty to establish an effective internal control system. Such discussion should include the adequacy of resources, employees' qualifications and experience in accounting and financial reporting functions, and training programmes for employees and its budget;
- to consider major investigation findings on internal control matters and the management's response to these findings, either on its own initiative or at the request of the management;
- to ensure co-ordination between the internal and external auditors, that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness (including the internal audit plans and procedures);
- to review the Group's financial and accounting policies and practice;
- to review the external auditor's letter to the management, any material queries raised by the auditor to the management with respect to accounting records, financial accounts or control systems and the management's response to such queries;
- to ensure that the Board shall provide a timely response to the issues raised in the external auditor's letter to the management;

Corporate governance functions

- to monitor the Company's corporate governance and to report to the Board on the Company's compliance with the CG Code;
- to develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;
- to review and monitor the Company's policies and practice on compliance with the legal and regulatory requirements;
- to develop, review and monitor the code of conduct and business ethics for the directors and employees of the Company;

General

- to consider other matters, as defined by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2015, two meetings of the Audit Committee were held in March and August 2015 respectively, to review interim and annual financial results and reports, consider significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and appoint external auditors. The attendance record of each member at the Audit Committee meetings is set out below:

Directors	No. of meetings attended/ No. of meetings held
Fang Hongxing (方紅星)	2/2
Sun Jianyi (孫建一)	2/2
Xie Yanjun (謝彥君)	2/2

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

The Risk Management and Corporate Governance Committee was established on 23 February 2014. As at the date of this annual report, the Risk Management and Corporate Governance Committee consists of three Directors: namely Mr. Yuan Bing, Professor Fang Hongxing and Professor Xie Yanjun. Mr. Yuan Bing currently serves as the chairman of the Risk Management and Corporate Governance Committee.

The primary duties of the Risk Management and Corporate Governance Committee include, but are not limited to, the following:

- to review the Company's risk management policies and standards, as well as the fundamental concepts and scope of compliance management;
- to review and provide comments on the overall target and basic policy of the compliance and risk management;
- to supervise and monitor the development of risk and compliance management system of the Company;
- to formulate the Company's corporate governance policies and conventional rules, to monitor its implementation and to make recommendations to the Board;
- to review and provide comment on the organisational structure and responsibilities of the Company's compliance and risk management;
- to review the Company's compliance reports and risk assessment reports that need to be reviewed by the Board, and to make proposals on the improvement of the Company's compliance and risk management;

- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and conventional rules regarding compliance with laws and regulatory rules as well as with its implementation;
- to formulate, review and monitor the Professional Practice Code and Compliance Manual (if available) of the employees and Directors;
- to monitor the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, together with the disclosure in the Corporate Governance Report;
- to monitor the effective implementation of the risk and compliance management by the management of the Company and to evaluate the performance of the responsible senior management;
- to evaluate and opine on the risk of major decision making and solutions to the major risks of the Company that need to be reviewed by our Board; and
- other matters as authorised by the Board.

The written terms of reference of the Risk Management and Corporate Governance Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2015, two meetings of the Risk Management and Corporate Governance Committee were held in March and August 2015 to review the risk management policies and standards, compliance reports and risk assessment reports and to review the compliance of the CG Code by the Company. The attendance record of each member at the Risk Management and Corporate Governance Committee meetings is set out below:

Directors	**No. of meetings attended/ No. of meetings held**
Yuan Bing (袁兵)	2/2
Fang Hongxing (方紅星)	2/2
Xie Yanjun (謝彥君)	2/2

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee was established on 23 February 2014. As at the date of this annual report, the Independent Board Committee comprises all of our Independent Non-executive Directors, namely Professor Fang Hongxing, Mr. Sun Jianyi and Professor Xie Yanjun. Mr. Sun Jianyi has been appointed as the chairman of the Independent Board Committee.

The primary duties of the Independent Board Committee Rider include:

Undertakings in relation to the development of properties

- When the Controlling Shareholders, in accordance with the Deed of Non-Competition, refer to the Group any opportunity to develop, operate, participate and/or otherwise hold any right or interest in any business relating to any properties (the "New Opportunity"), the Independent Board Committee shall consider the New Opportunity in accordance with the terms of the Deed of Non-Competition.

- If the Independent Board Committee considers that the pursuit of the New Opportunity would be in the best interests of the Group, the Committee shall consent to the pursuit of the New Opportunity by the Group.

- If the Independent Board Committee is of the view that the pursuit of the New Opportunity by the Controlling Shareholders will not constitute potential competition with the business of the Group or pursuit of the New Opportunity is not in the interests of our Group, the Committee shall consent to the pursuit of the New Opportunity by the Controlling Shareholders and it shall have the power to impose conditions and restrictions on the development of the properties by the Controlling Shareholders in order to prevent any form of potential competition.

- The Independent Board Committee shall disclose the consideration factors and its conclusion in relation to the New Opportunity in the annual report or interim report of the Company.

Undertakings in relation to the Sale Schedules of Residential Properties

- According to the Deed of Non-Competition, in any city or region where the Group has developed any serviced apartment projects for sale, the Controlling Shareholders, their subsidiaries or associates shall, in the event that they have plans to launch the sale of any residential projects in the same city or region (the "Sale of Residential Properties"), notify the Group the detailed sale terms and all relevant information in writing and the Committee shall have the right to veto the Sale of Residential Properties if it considers that the Sale of Residential Properties would compete against the sale schedule of any projects of the Group.

- If the Group decides to launch its sale of serviced apartment projects in the relevant city or region, the Group shall notify the Controlling Shareholders in writing and the Controlling Shareholders or their subsidiaries or associates can only launch the Sale of Residential Properties after a time gap of six months (the "Time Gap") from the date on which the Group launches its sale of serviced apartment projects in the same city or region.

- If the Independent Board Committee is of the view that a longer period of time is necessary for the Group to complete the sale of a significant portion of its serviced apartments before the Controlling Shareholders or their subsidiaries or associates launch the Sale of Residential Properties, the Committee shall have the power to extend the Time Gap.

- The Independent Board Committee shall disclose the consideration and its conclusion in relation to the above in the annual report or interim report of the Company.

Option to purchase and/or operate and manage excluded business

- If the Independent Board Committee considers that the properties developed, operated or owned by the Controlling Shareholders or their subsidiaries or associates (the "Excluded Business") or any part of their new businesses will constitute competition against the Group, the Group shall be entitled to (1) an option to purchase any equity interests, assets or other interests which forms part of such business and/or (2) an exclusive right to operate and manage such business.

- The Committee shall review, consider and decide whether the Group should exercise the option to purchase and/or operate and manage the Excluded Business or the new business.

- If the Committee decides to exercise the option, it shall have the power to impose conditions and/or restrictions in order to ensure that the exercise of the option is in line with the Group's business strategy and business model.

- The Committee shall disclose the consideration and its conclusion to exercise or not to exercise the above rights in the annual report or interim report of the Company.

Corporate governance functions

For corporate governance, the Independent Board Committee shall, on an annual basis:

- review the compliance with and enforcement of the Deed of Non-Competition by the Controlling Shareholders. The Independent Board Committee shall disclose the results of its review in the annual report of the Company or by way of announcement to the public; and

- review all of its decisions made pursuant the Deed of Non-Competition in such year. The Independent Board Committee shall disclose its decisions and the basis for them in the annual report of the Company or by way of announcement to the public.

The written terms of reference of the Independent Board Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2015, two meetings of the Independent Board Committee were held in March and August 2015 to review the compliance and enforcement of the Deed of Non-Competition by the Controlling Shareholders. The attendance record of each member at the Independent Board Committee meetings is set out below:

Directors	**No. of meetings attended/ No. of meetings held**
Fang Hongxing (方紅星)	2/2
Sun Jianyi (孫建一)	2/2
Xie Yanjun (謝彥君)	2/2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015, in accordance with the basis of presentation set out in note 2.2 and the accounting policies set out in note 3.3 to the consolidated financial statements in this annual report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors. The insurance covers them against costs, charges, expenses and liabilities incurred arising out of the corporate activities.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considers that the internal control system is effective and adequate.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, the total remuneration paid or payable to the Company's auditors, Ernst & Young, for audit services totalling RMB3,950,000.

An analysis of the remuneration paid or payable to Ernst & Young is set out below:

Items of auditors' services	**Amount** (RMB)
Audit services:	
Annual audit service	3,950,000
Non-audit service:	–
Total	3,950,000

COMPANY SECRETARY

On 27 March 2015, Mr. Yu Leung Fai resigned as the Company Secretary and authorised representative of the Company and Mr. Xing Jun was appointed as the Company Secretary and authorised representative of the Company. Mr. Xing Jun is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations were followed.

In compliance with Rule 3.29 of the Listing Rules, Mr. Xing Jun has participated in relevant professional training for not less than 15 hours during the year ended 31 December 2015.

REMUNERATION OF THE SENIOR MANAGEMENT

Details of the remuneration of Directors and the five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in note 9 to the consolidated financial statements in this annual report.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make informed investment decisions.

To promote effective communication with its shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy and maintains a website at www.haichangoceanpark.com, where up-to-date information on the Company's business operations and developments are available.

SHAREHOLDERS' RIGHTS

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholders' meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, one or more shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition at the principal office of the Company in Hong Kong and such requisitioning shareholders hold as at the date of deposit of such requisition not less than 10% of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company at the Company's principal office of the Company in Hong Kong. The Company will respond to all enquiries on a timely and proper basis.

CONTACT DETAILS

Email: ir@haichangoceanpark.com

Postal address: Suites 2606-2607, 26/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

CHANGE IN CONSTITUTIONAL DOCUMENTS

There has been no change to the restated memorandum and Articles of Association of the Company during the year ended 31 December 2015.

INVESTOR RELATIONS

The Company believes that maintaining communications with shareholders and potential investors at all times and making timely information disclosure can strengthen the investors' understanding and recognition of the Company, enhance the transparency of the Company and enhance the corporate governance.

The Company attaches great importance to the relationships between the shareholders and potential investors. The Company will treat all the shareholders and the potential investors of the Company equally and avoid selective information disclosure. The Company actively seek the opinions and advice of investors to achieve two-way communication of the Company with its shareholders and potential investors, enabling a constructive interaction between them.

JANUARY

Participated in the conference organised by Essence Securities

FEBRUARY

Participated in the conference organised by Guosen Securities

MARCH

Published the results announcement for 2014
Organised the analyst meeting and investor conference in Hong Kong
Organised the media communication meeting in Hong Kong
Arranged investors for site visit in Dalian and Sanya
Organised the investors' reverse roadshow in Shanghai
Organised the media's reverse roadshow in Shanghai

APRIL

Conducted post-result non-deal roadshow in Hong Kong, Shenzhen, Beijing and Shanghai
Arranged investors for site visit in Shanghai
Participated in the conference organised by Guotai Junan

MAY

Participated in the conference organised by Shenwan Hongyuan, Haitong International, Huatai Securities and CICC International

JUNE

Convened the annual general meeting in Hong Kong
Held stock commentators luncheon in Hong Kong
Participated in the investment summit organised by Everbright Securities, CITIC Securities, ICBC International, Macquarie and Essence International
Participated in the investor teleconference organised by Wing Fung Securities
Conducted the investors' reverse roadshow in Dalian
Arranged investors for site visit in Shanghai
Conducted the media's reverse roadshow in Qingdao and Dalian

JULY

Conducted the investors' reverse roadshow in Dalian
Participated in the Corporate Day organised by CITIC Securities and the Citibank
Arranged the media for site visit in Tianjin

AUGUST

Published the interim results announcement for 2015
Organised the analyst and investor conference in Hong Kong
Organised the media luncheon in Hong Kong
Conducted post-result non-deal roadshow in Hong Kong, Shenzhen, Beijing and Shanghai
Arranged investors for site visit in Wuhan, Chongqing and Chengdu

SEPTEMBER

Arranged investors for site visit in Yantai
Participated in the Corporate Day organised by Bank of America Merrill Lynch

OCTOBER

Conducted the investors' reverse roadshow in Dalian
Arranged investors for site visit in Shanghai, Chengdu, Wuhan, Chongqing and Sanya
Participated in the conference organised by Industrial Securities and GF Securities

NOVEMBER

Arranged investors for site visit in Dalian, Qingdao, Chengdu, Wuhan and Sanya
Participated in the investment summit organised by Bank of America Merrill Lynch, Shenwan Hongyuan, Guotai Junan, ICBC International, Quam Securities, Cinda International and CITIC Securities

DECEMBER

Arranged investors for site visit in Dalian, Tianjin, Wuhan, Qingdao and Shanghai
Participated in the investment summit organised by Essence International, China Merchants Securities and Huatai Securities

INDEPENDENT AUDITORS' REPORT

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To the members of Haichang Ocean Park Holdings Ltd.
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying consolidated financial statements of Haichang Ocean Park Holdings Ltd. (previously Haichang Holdings Ltd.) (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
Hong Kong
26 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	6	**1,416,827**	1,531,386
Cost of sales		**(630,362)**	(857,769)
GROSS PROFIT		**786,465**	673,617
Other income and gains	6	**263,057**	336,342
Selling and marketing expenses		**(117,181)**	(120,460)
Administrative expenses		**(269,591)**	(265,585)
Other expenses		**(45,546)**	(55,022)
Finance costs	8	**(154,172)**	(193,524)
PROFIT BEFORE TAX	7	**463,032**	375,368
Income tax expenses	10	**(213,056)**	(163,893)
PROFIT FOR THE YEAR		**249,976**	211,475
Attributable to:			
Owners of the parent		**230,622**	191,984
Non-controlling interests		**19,354**	19,491
		249,976	211,475
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB cents)	11	**5.77**	5.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR	**249,976**	211,475
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**(150,587)**	13,484
Property revaluation	**–**	49,473
Income tax effect	**–**	(12,368)
	–	37,105
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(150,587)**	50,589
Items not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**167,578**	(622)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**167,578**	(622)
Other comprehensive income	**16,991**	49,967
TOTAL COMPREHENSIVE INCOME	**266,967**	261,442
Attributable to:		
Owners of the parent	**247,613**	241,951
Non-controlling interests	**19,354**	19,491
	266,967	261,442

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**2,619,660**	2,639,312
Investment properties	13	**2,378,740**	1,935,000
Prepaid land lease payments	14	**1,059,520**	350,355
Intangible assets	15	**9,068**	7,655
Available-for-sale investment	16	**19,170**	19,170
Deferred tax assets	17	**51,191**	121,943
Long-term prepayments and deposits	23	**294,668**	17,845
Total non-current assets		**6,432,017**	5,091,280
CURRENT ASSETS			
Completed properties held for sale	18	**373,290**	474,457
Properties under development	19	**318,537**	549,859
Gross amount due from a contract customer	20	**43,667**	89,112
Inventories	21	**14,611**	14,882
Trade receivables	22	**64,438**	58,148
Available-for-sale investments	16	**200**	45,200
Prepayments, deposits and other receivables	23	**103,748**	75,732
Due from related companies	24, 40(b)	**3,752**	1,802
Due from a non-controlling equity holder	24, 40(b)	**20,000**	–
Pledged bank balances	25	**6,497**	482,099
Cash and cash equivalents	25	**970,467**	1,551,446
Total current assets		**1,919,207**	3,342,737
CURRENT LIABILITIES			
Trade and bills payables	26	**250,264**	345,958
Other payables and accruals	27	**294,186**	281,323
Due to related companies	24, 40(b)	**3,853**	5,035
Advances from customers	28	**104,086**	78,227
Interest-bearing bank and other borrowings	29	**763,489**	1,310,613
Government grants	31	**22,363**	20,760
Deferred revenue	32	**10,311**	8,086
Tax payables	10	**262,237**	221,816
Total current liabilities		**1,710,789**	2,271,818
NET CURRENT ASSETS		**208,418**	1,070,919
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,640,435**	6,162,199

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	29	1,602,526	1,459,523
Government grants	31	879,831	818,655
Deferred tax liabilities	17	162,897	156,019
Total non-current liabilities		2,645,254	2,434,197
NET ASSETS		3,995,181	3,728,002
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	33	2,451	2,451
Reserves	35	153,273	111,318
Share capital and other statutory capital reserves		155,724	113,769
Other reserves		3,669,339	3,463,317
		3,825,063	3,577,086
Non-controlling interests		170,118	150,916
TOTAL EQUITY		3,995,181	3,728,002

Wang Xuguang
Director

Zhao Wenjing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to owners of the parent									
	Notes	Share capital RMB'000 (note 33)	Share premium RMB'000 (note 33)	Capital reserve RMB'000 (note 35(a))	Asset revaluation reserve RMB'000	Statutory reserves RMB'000 (note 35(b))	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2014 and 1 January 2015		2,451	2,363,685	731,364	37,105	111,318	(4,365)	335,528	3,577,086	150,916	3,728,002
Profit for the year		–	–	–	–	–	–	230,622	230,622	19,354	249,976
Exchange differences on translation of foreign operations		–	–	–	–	–	16,991	–	16,991	–	16,991
Total comprehensive income for the year		–	–	–	–	–	16,991	230,622	247,613	19,354	266,967
Capital contribution from a shareholder	35(c)	–	–	212	–	–	–	–	212	–	212
Transfer to statutory reserve		–	–	–	–	41,955	–	(41,803)	152	(152)	–
At 31 December 2015		2,451	2,363,685*	731,576*	37,105*	153,273	12,626*	524,347*	3,825,063	170,118	3,995,181

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to owners of the parent									
	Notes	Share capital RMB'000 (note 33)	Share premium RMB'000 (note 33)	Capital reserve RMB'000 (note 35(a))	Asset revaluation reserve RMB'000	Statutory reserves RMB'000 (note 35(b))	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		72	509,596	647,416	–	80,569	(17,227)	174,293	1,394,719	267,249	1,661,968
Profit for the year		–	–	–	–	–	–	191,984	191,984	19,491	211,475
Exchange differences on translation of foreign operations		–	–	–	–	–	12,862	–	12,862	–	12,862
Revaluation surplus, net of tax		–	–	–	37,105	–	–	–	37,105	–	37,105
Total comprehensive income for the year		–	–	–	37,105	–	12,862	191,984	241,951	19,491	261,442
Issue of shares	33(b)	613	1,934,397	–	–	–	–	–	1,935,010	–	1,935,010
Capitalisation issue	33(a)	1,766	(1,766)	–	–	–	–	–	–	–	–
Share issue expenses		–	(78,542)	–	–	–	–	–	(78,542)	–	(78,542)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(2,765)	(2,765)
Deemed distribution to shareholders	35(c)	–	–	(342,566)	–	–	–	–	(342,566)	(133,059)	(475,625)
Capital contribution from shareholders	35(c)	–	–	426,514	–	–	–	–	426,514	–	426,514
Transfer to statutory reserve		–	–	–	–	30,749	–	(30,749)	–	–	–
At 31 December 2014		2,451	2,363,685*	731,364*	37,105*	111,318	(4,365)*	335,528*	3,577,086	150,916	3,728,002

* These reserve accounts comprise the consolidated other reserves of RMB3,669,339,000 and RMB3,463,317,000 as at 31 December 2015 and 2014, respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**463,032**	375,368
Adjustments for:			
Depreciation of items of property, plant and equipment	12	**174,099**	179,165
Amortisation of intangible assets	15	**1,523**	1,384
Amortisation of prepaid land lease payments	14	**25,437**	12,901
(Reversal)/impairment of provision for inventories	21	**(63)**	47
Loss on disposal of items of property, plant and equipment	7	**2,628**	2,399
Loss on disposal of investment properties	7	**–**	1,018
Changes in fair value of investment properties	13	**25,531**	53,031
Government grant recognised	31	**(45,604)**	(68,474)
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	18	**(134,067)**	(192,482)
Impairment of trade and bills receivables	22	**7,006**	2,536
Impairment of prepayments, deposits and other receivables	23	**2,892**	384
Finance costs	8	**154,172**	193,524
Foreign exchange loss/(gain)		**13,781**	(1,435)
Interest income	7	**(16,768)**	(33,293)
		673,599	526,073
Increase in properties under development		**(69,785)**	(96,666)
Decrease in completed properties held for sale		**72,360**	145,804
Decrease/(increase) in a gross amount due from a contract customer		**45,445**	(89,112)
Decrease in a gross amount due to a contract customer		**–**	(13,417)
Decrease in inventories		**334**	797
Increase in trade receivables		**(13,296)**	(31,651)
Increase in prepayments, deposits and other receivables		**(15,507)**	(17,710)
Decrease/(increase) in restricted cash and bank balances		**15,973**	(18,316)
Increase in amounts due from related companies		**(1,950)**	–
Increase in an amount due from a non-controlling equity holder		**(20,000)**	–
Increase in amounts due to related companies		**(1,182)**	–
Increase/(decrease) in advances from customers		**25,859**	(68,334)
Decrease in trade and bills payables		**(91,624)**	(23,996)
Increase in other payables and accruals		**12,863**	34,181
Increase in government grants		**108,383**	16,132
Increase in deferred revenue		**2,225**	2,732
Cash generated from operations		**743,697**	366,517
Interest received		**16,768**	33,293
Tax paid		**(95,005)**	(88,888)
Net cash flows from operating activities		**665,460**	310,922

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(157,075)**	(114,142)
Proceeds from disposal of investment properties		**–**	36,482
(Increase)/decrease in long-term prepayments and deposits		**(276,823)**	1,160
Increase in prepaid land lease payments		**(750,003)**	–
Decrease/(increase) in available-for-sale investments		**45,000**	(45,000)
Decrease in an amount due from the ultimate holding company		**–**	610
Decrease in amounts due from related companies		**–**	1,489,537
Decrease in an amount due from a non-controlling equity holder		**–**	59,675
Purchase of intangible assets	15	**(2,936)**	(982)
Additions to investment properties	13	**(2,651)**	(42,901)
Net cash flows (used in)/from investing activities		**(1,144,488)**	1,384,439
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares, net of shares issue expenses		**–**	1,856,468
Decrease in amounts due to related companies		**–**	(1,156,625)
Decrease of finance lease payables		**(40,213)**	(105,179)
Deemed distribution to the then equity holders		**–**	(475,625)
Deemed contribution from shareholders		**212**	426,514
New bank and other loans		**900,000**	841,179
Repayment of bank and other loans		**(1,263,908)**	(1,351,717)
Decrease/(increase) in pledged deposits		**475,602**	(479,807)
Acquisition of non-controlling interests		**–**	(2,765)
Interest paid		**(160,881)**	(214,937)
Net cash flows used in financing activities		**(89,188)**	(662,494)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(568,216)**	1,032,867
Cash and cash equivalents at beginning of year		**1,533,130**	498,828
Effect of foreign exchange rate changes, net		**3,210**	1,435
CASH AND CASH EQUIVALENTS AT END OF YEAR		**968,124**	1,533,130
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		**906,195**	1,209,631
Non-pledged deposits with original maturity of less than three months when acquired		**64,272**	341,815
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		**970,467**	1,551,446
Restricted cash and bank balances		**(2,343)**	(18,316)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**968,124**	1,533,130

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2015

1. CORPORATE AND GROUP INFORMATION

Haichang Ocean Park Holdings Ltd., (previously Haichang Holdings Ltd.) (the "Company"), was incorporated in the Cayman Islands on 21 November 2011 with limited liability. The registered office address of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company's subsidiaries are principally engaged in the development, construction and operation of theme parks, property development and investment and hotel operations in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI") at 31 December 2015.

Information about subsidiaries

Particulars of the Company's subsidiaries as at the date of this report are set out below:

Name	Place and date of incorporation/ establishment and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Haichang Holdings (Asia) Ltd ("Haichang Asia")#	British Virgin Islands 22 November 2011	USD1	100%	–	Investment holding
Haichang Holdings (Hong Kong) Limited# ("Haichang Holdings HK")	Hong Kong 5 December 2011	HKD1	–	100%	Investment holding
海昌（中國）有限公司 ("Haichang China")#	PRC/Mainland China 11 December 1996	RMB1,600,000,000	–	100%	Investment holding
大連海昌旅遊集團有限公司 ("Dalian Tourism")#	PRC/Mainland China 28 January 2010	RMB10,000,000	–	100%	Investment holding
大連老虎灘海洋公園有限公司 ("LHT")*#	PRC/Mainland China 13 February 2001	RMB240,584,000	–	58.3%	Park operation
青島極地海洋世界有限公司 ("Qingdao Park")#	PRC/Mainland China 26 September 2002	RMB246,148,000	–	100%	Park operation
大連海昌商務有限公司#	PRC/Mainland China 13 May 2003	RMB30,000,000	–	100%	Property development
成都極地海洋實業有限公司 ("Chengdu Park")#	PRC/Mainland China 18 December 2003	RMB30,305,000	–	100%	Park operation, property development and investment

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ establishment and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
武漢極地海洋世界投資有限公司 ("Wuhan Park")#	PRC/Mainland China 26 October 2004	RMB460,000,000	–	100%	Park operation, property development and investment
煙台漁人碼頭投資有限公司 ("Yantai Park")#	PRC/Mainland China 15 March 2005	RMB30,000,000	–	100%	Park and hotel operations
天津極地旅遊有限公司 ("Tianjin Park")#	PRC/Mainland China 24 September 2007	RMB203,414,800	–	100%	Park operation, property development and investment
大連老虎灘四維影院有限公司 ("4D Cinema")**#	PRC/Mainland China 25 May 2001	RMB20,000,000	–	49%	Park operation
上海海昌極地海洋世界有限公司 ("Shanghai Haichang")#	PRC/Mainland China 19 July 2011	RMB210,000,000	–	100%	Park development and operation
大連海昌發現王國主題公園有限公司 ("Discoveryland")#	PRC/Mainland China 28 May 2012	USD58,235,294	–	100%	Park operation, property development and investment
重慶海昌加勒比海旅遊發展有限公司 ("Chongqing Caribbean")#	PRC/Mainland China 18 January 2012	RMB10,000,000	–	100%	Park operation, property development and investment
三亞海昌夢幻不夜城發展有限公司 ("Sanya Haichang Dream World")	PRC/Mainland China 24 December 2013	RMB10,000,000	–	100%	Park development and operation
上海海昌遊樂有限公司 ("Shanghai Amusement")***#	PRC/Mainland China 10 June 2015	RMB10,000,000	–	100%	Indoor amusement

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ establishment and business	Issued ordinary/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
上海海昌旅遊諮詢有限公司 ("Tourism Consulting")***#	PRC/Mainland China 29 June 2015	RMB10,000,000	–	100%	Tourism consulting, construction project design and consulting
上海海昌文化發展有限公司 ("Cultural Development")***#	PRC/Mainland China 14 July 2015	RMB10,000,000	–	100%	Cultural and art communication and planning
海昌(中國)投資有限公司 ("Haichang China Investment")***#	PRC/Mainland China 23 November 2015	RMB190,000,000	–	100%	Investment holding
三亞海昌置業有限公司 ("Sanya Haichang Property")***#	PRC/Mainland China 12 November 2015	RMB190,000,000	–	100%	Development, construction and operation of commercial properties

Haichang China is a wholly-owned foreign investment enterprise and its registered capital was fully paid up at 31 December 2015.

* According to the articles of association of LHT, the profit sharing ratios of LHT are not in proportion to their equity ratios but are as defined in the articles of association. Pursuant to the articles of association, Haichang China and the other equity holder share the profits of LHT at a 70%:30% ratio.

** 4D Cinema is treated as a subsidiary since the Group has been delegated the equity holder's right from the other equity holder to control and operate 4D Cinema. The profit sharing ratios of 4D Cinema are in proportion to the respective equity ratios of the Group and the equity holder.

*** The subsidiaries were established in 2015.

The subsidiary is a limited liability company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"), and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 BASIS OF PRESENTATION

Pursuant to the group reorganisation (the "Reorganisation") as more fully explained in the section "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 28 February 2014 for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group in January 2014 other than 上海海昌極地海洋世界有限公司 ("Shanghai Haichang"), the property holding and investment business of 大連世博房地產開發有限公司 (a related company of the Company), 大連海昌發現王國主題公園有限公司 ("Discoveryland") and 重慶海昌加勒比海旅遊發展有限公司 ("Chongqing Caribbean").

In January 2014, the Group completed its acquisition of Shanghai Haichang and the property holding and investment business of 大連世博房地產開發有限公司. In December 2014, the Group completed its acquisitions of Discoveryland and Chongqing Caribbean.

The consolidated financial statements have been prepared by applying the principle of pooling of interest method accounting as if the Reorganisation and acquisitions of Shanghai Haichang, the property holding and investment business of 大連世博房地產開發有限公司, Discoveryland and Chongqing Caribbean had been completed since 1 January 2014 because the Company's acquisition of the companies now comprising the Group should be regarded as a business combination under common control as the Company and the companies now comprising the Group were under common control both before and after the completion of the Reorganisation and the acquisitions of Shanghai Haichang, the property holding and investment business of 大連世博房地產開發有限公司, Discoveryland and Chongqing Caribbean.

The shares of the Company were listed on the Stock Exchange on 13 March 2014.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 31 December 2015 and 2014 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015 and 2014 have been prepared to present the assets and liabilities of the subsidiaries and/or year businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

Annual Improvements to IFRSs 2010-2012 Cycle

Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of each amendment is described below: (continued)

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

3.1 ISSUED BUT EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
IFRS 16	*Leases*[4]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

3.1 ISSUED BUT EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

3.2 NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCES NOT YET ADOPTED

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation disposed of and the portion of the cash-generating unit retained.

Business combination under common control

Business combinations arising from transfers of interests in entities that are under the control of the holder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the reporting period or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the equity holder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Fair value measurement

The Group measures its investment properties at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, construction contract assets, properties held for sales, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third-party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Park and other buildings	20 to 40 years
Machinery	5 to 10 years
Motor vehicles	4 to 10 years
Office equipment and furniture	3 to 5 years
Live animals	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction and machinery under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or completed properties held for sale, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from properties under development to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Amortisation is calculated on the straight-line basis to write off the cost of computer software over the estimated useful lives of 5 to 10 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriation of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as available-for-sale financial investments and loan and receivables as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, amounts due to related companies and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are merchandise goods and stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "finance costs" in the statement of profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above;

(d) from the rendering of services, when the services are rendered;

(e) from ticket sales, when receiving ticket fare or rights to collect money from tourist parties;

(f) rental income, on a time proportion basis over the lease terms;

(g) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(h) income from hotel operations, recognised upon services rendered.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in the PRC ("PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute 18% to 20% of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statement of profit or loss as incurred.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally and used for the purpose of obtaining qualified assets, a capitalisation rate 7.63% has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Renminbi ("RMB"). The Company's functional currency is USD. The Group's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of certain subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Sale and finance lease back – Group as lessee

The Group has entered into a sale and finance lease back arrangements on certain of the Group's motor vehicles. The Group has determined that it retains all the significant risks and rewards of ownership of these items motor vehicles under such sale and finance lease back arrangement.

(iii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(iv) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets and are subject to revaluation at the reporting date if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at the lower of cost or net realisable value, while the properties held to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

(v) Consolidation of entity in which the Group holds less than a majority of voting rights

The Group considers that it controls 大連老虎灘四維影院有限公司 ("4D Cinema") even though it owns less than 50% of the voting rights. This is because the other equity holder of 4D Cinema how delegated its equity holder's right to the Group to control and operate 4D Cinema.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

(ii) Allocation of construction cost on properties under development, investment properties and construction in progress

When developing properties, the Group typically divides the development projects into phases and categories. Costs directly related to the development of a phase and categories are recorded as the cost of such phase and categories. Costs that are common to each phase and categories are allocated to each phase based on the saleable/usable floor area of each phase and categories as a percentage of the total saleable/usable floor area of the entire project. The cost of the unit sold subsequent to the completion of the properties is determined by the floor area in square meters sold during the year multiplied by the average cost per square meter of that particular phase or category of the project.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(iii) PRC corporate income tax ("CIT")

The Group is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

(iv) PRC land appreciation tax ("LAT")

The Group is subject to LAT in Mainland China. The provision for LAT is based on management's best estimate according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2015 was RMB621,929,000 (2014: RMB459,645,000). Further details are contained in note 17 to the financial statements.

(vi) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2015 was RMB2,378,740,000 (2014: RMB1,935,000,000). Further details, including the key assumptions used for fair value measurements and a sensitivity analysis, are set out in note 13 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(vii) Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. The carrying amount of available-for-sale assets was RMB19,370,000 (2014: RMB64,370,000).

(viii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(ix) Provision for impairment of receivables

Provision for impairment of receivables is made based on the ageing and past repayment pattern of the receivables. The assessment of the impairment amount required involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact on the carrying value of receivables and impairment charge/write-back of impairment in the period in which the estimate has been changed.

(x) Provision for completed properties held for sale and properties under development

The Group recognised a provision for the completed properties held for sale and properties under development when the cost of the properties exceeded the net realisable value. The assessment of the provision requires management estimates on the future selling price and future cost to be incurred of the properties. Where the actual outcome or expectation in future is different from the original estimate, the differences will impact on the carrying value of properties and provision charge/write-back of impairment in the period in which the estimate has been changed.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized to business units based on their products and services. During the year, the Group restructured their business units to enhance the management's accountability of park operations segment by including the development of commercial and rental properties surrounding the theme parks, management of developed and operating properties for rental income which, in prior year, were managed under the property development and holding segment. The prior year's operating segment information has been revised to conform to the current year presentation accordingly. The Group's two reportable operating segments are set out below:

(a) the park operations segment engages in the development, construction and operation of theme parks, development of commercial and rental properties surrounding them parks, management of the Group's developed and operating properties for rental income, hotel operation and the provision of services to visitors as well as provision of technical support service relating to aquarium; and

(b) the property development segment engages in property development, construction and sales.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations.

Segment assets exclude intangible assets, available-for-sale investments, trade receivables, prepayments, deposits and other receivables, deferred tax assets, amounts due from related companies, an amount due from a non-controlling equity holder, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

The Group's liabilities are managed on a group basis except for the gross amount due to a contract customer which is a segment liability.

No further geographical segment information is presented as over 99% of the Group's revenue from external customers is derived from its operation in Mainland China and over 99% of the Group's non-current assets are located in Mainland China.

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments

Year ended 31 December 2015

	Park operations RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers and total revenue	**1,295,788**	**121,039**	**1,416,827**
Revenue			**1,416,827**
Segment results	**716,206**	**70,259**	**786,465**
Reconciliation			
Unallocated income and gains			**263,057**
Unallocated expenses			**(432,318)**
Finance costs			**(154,172)**
Profit before tax			**463,032**

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Year ended 31 December 2015

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

31 December 2015

	Park operations RMB'000	Property development RMB'000	Total RMB'000
Segment assets	6,414,863	735,494	7,150,357
Reconciliation:			
Corporate and other unallocated assets			1,200,867
Total assets			8,351,224
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			4,356,043
Total liabilities			4,356,043
Other segment information			
Impairment losses recognised in the statement of profit or loss	9,835	–	9,835
Depreciation and amortisation			
Unallocated			1,523
Segment	199,536	–	199,536
Capital expenditure*			
Unallocated			2,936
Segment	1,186,552	–	1,186,552

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and long-term prepayments.

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Year ended 31 December 2014

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers and total revenue	1,159,628	371,758	1,531,386
Revenue			1,531,386
Segment results	588,878	84,739	673,617
Reconciliation			
Unallocated income and gains			387,532
Unallocated expenses			(492,257)
Finance costs			(193,524)
Profit before tax			375,368

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

31 December 2014

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	4,969,657	1,113,428	6,083,085
Reconciliation:			
Corporate and other unallocated assets			2,350,932
Total assets			8,434,017
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			4,706,015
Total liabilities			4,706,015
Other segment information			
Impairment losses recognised in the statement of profit or loss	2,967	–	2,967
Depreciation and amortisation			
Unallocated			1,384
Segment	192,066	–	192,066
Capital expenditure*			
Unallocated			982
Segment	157,043	–	157,043

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Information about major customers

No information about major customers is presented as no single customer from whom over 10% of the Group's revenue was derived for the year ended 31 December 2015.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of tickets by theme park operation, and the sales of goods by restaurant and store operations, in-park recreation income, income from hotel operations, income from management exportation service, the sales of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts, net of business tax and other surcharges.

	Notes	2015 RMB'000	2014 RMB'000
Revenue			
Ticket sales		1,049,223	943,055
Property sales		111,501	169,113
Food and beverage sales		86,441	83,815
Sale of merchandise		42,589	45,568
Rental income	7	58,604	48,074
In-park recreation income		41,384	24,742
Construction contracts		9,538	202,645
Income from hotel operations		15,165	14,374
Other service income		2,382	–
		1,416,827	1,531,386
Other income			
Government grants	31	45,604	68,474
Bank interest income	7	16,768	22,860
Interest income from related companies	7	–	10,433
Income from insurance claims		25,388	10,863
Foreign exchange gains		–	20,441
Others		41,230	10,789
		128,990	143,860
Gains			
Gain on revaluation upon reclassification from completed properties held for sale to investment properties, net	18	134,067	192,482
		263,057	336,342

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2015

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 RMB'000	2014 RMB'000
Cost of properties sold	18	**72,360**	145,804
Cost of merchandise sold		**18,071**	19,196
Cost of services provided		**539,931**	692,769
Depreciation	12	**174,099**	179,165
Amortisation of intangible assets	15	**1,523**	1,384
Direct operating expenses arising on rental earning properties		**5,573**	4,883
Impairment of trade receivables	22	**7,006**	2,536
Impairment of prepayments and other receivables	23	**2,892**	384
Amortisation of prepaid land lease payments	14	**25,437**	12,901
Minimum lease payments under operating leases in respect of properties		**6,624**	2,888
Auditors' remuneration		**4,400**	4,805
Employee benefit expense (excluding directors and chief executive's remuneration):			
Wages and salaries		**156,010**	149,708
Bonuses		**47,092**	39,235
Retirement benefit scheme contributions		**25,869**	19,984
		228,971	208,927
Direct operating expenses			
Foreign exchange differences, net		**13,781**	(20,441)
(Reversal)/impairment of provision for inventories	21	**(63)**	47
Fair value loss on investment properties	13	**25,531**	53,031
Loss on disposal of investment properties		**–**	1,018
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	18	**(134,067)**	(192,482)
Rental income	6	**(58,604)**	(48,074)
Bank interest income	6	**(16,768)**	(22,860)
Interest income from related companies	6	**–**	(10,433)
Government grants recognised	31	**(45,604)**	(68,474)
Loss on disposal of items of property, plant and equipment		**2,628**	2,399

8. FINANCE COSTS

	2015 *RMB'000*	2014 *RMB'000*
Interest on bank loans and other loans	**159,801**	207,449
Interest on finance leases	**1,080**	7,488
Total interest expenses on financial liabilities not at fair value through profit or loss	**160,881**	214,937
Less: Interest capitalised	**(6,709)**	(21,413)
	154,172	193,524

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration for 2015 and 2014, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Fees	**2,040**	2,090
Other emoluments:		
Salaries, allowances and benefits in kind	**3,400**	2,200
Retirement benefit scheme contributions	**66**	62
	3,466	2,262
	5,506	4,352

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

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Year ended 31 December 2015

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015	2014
	RMB'000	*RMB'000*
Mr. Fang Hongxing	**100**	100
Mr. Sun Jianyi	**100**	100
Mr. Xie Yanjun	**100**	50
Mr. Wei Xiaoan	**–**	100
	300	350

Mr. Fang Hongxing, Mr. Wei Xiaoan and Mr. Sun Jianyi were appointed as the independent non-executive directors of the Company on 23 February 2014. Mr. Wei Xiaoan tendered his resignation as an independent non-executive director of the Company with effect from 27 May 2014. Mr. Xie Yanjun was appointed as the independent non-executive director of the Company on 22 August 2014.

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Chief executive, executive directors and non-executive directors

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefit scheme contributions *RMB'000*	Total remuneration *RMB'000*
Year ended 31 December 2015				
Chief executive:				
Mr. Wang Xuguang	**400**	**1,200**	**33**	**1,633**
Executive directors:				
Mr. Zhao Wenjing	**400**	**1,100**	**–**	**1,500**
Mr. Qu Naiqiang	**400**	**1,100**	**33**	**1,533**
	800	**2,200**	**33**	**3,033**
Non-executive directors:				
Mr. Qu Naijie	**180**	**–**	**–**	**180**
Mr. Makoto Inoue	**180**	**–**	**–**	**180**
Mr. Yuan Bing	**180**	**–**	**–**	**180**
	540	**–**	**–**	**540**
Year ended 31 December 2014				
Chief executive:				
Mr. Wang Xuguang	400	800	31	1,231
Executive directors:				
Mr. Zhao Wenjing	400	700	–	1,100
Mr. Qu Naiqiang	400	700	31	1,131
	800	1,400	31	2,231
Non-executive directors:				
Mr. Qu Naijie	180	–	–	180
Mr. Makoto Inoue	180	–	–	180
Mr. Yuan Bing	180	–	–	180
	540	–	–	540

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during 2015 and 2014.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(c) Five highest paid employees

Details of the remuneration of the five highest paid employees for the years ended 31 December 2015 and 2014 who were neither a director nor chief executive of the Company are as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kinds	**3,450**	3,150
Performance-related bonuses	**1,275**	1,350
Retirement benefit scheme contributions	**165**	156
	4,890	4,656

The remuneration of all the non-director and non-chief executive highest paid employees fell within the band of nil to RMB1,000,000.

10. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the year ended 31 December 2015 (2014: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

10. INCOME TAX (continued)

Income tax in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Current – Mainland China:		
Charge for the year	**120,602**	76,164
LAT	**14,824**	2,491
	135,426	78,655
Deferred tax (note 17)	**77,630**	85,238
Total tax charge for the year	**213,056**	163,893

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense at the effective rate is as follows:

	2015 RMB'000	2014 RMB'000
Profit before tax	**463,032**	375,368
Tax at the statutory income tax rate	**115,758**	93,842
Tax losses not recognised	**40,572**	38,857
Income not subject to tax	**(1,710)**	(1,371)
Temporary difference not recognised	**–**	2,944
Withholding tax on distributable profits of the Group's PRC subsidiaries	**29,424**	23,857
Expenses not deductible for tax	**17,894**	3,896
Sub-total	**201,938**	162,025
Provision for LAT	**14,824**	2,491
Tax effect on LAT	**(3,706)**	(623)
Tax charge for the year at the effective rate	**213,056**	163,893

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

10. INCOME TAX (continued)

Tax payables in the consolidated statement of financial position represent:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
PRC corporate income tax	**211,415**	181,472
LAT	**50,822**	40,344
	262,237	221,816

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the year, and the weighted average number of ordinary shares issued during the year on the assumption that the capitalisation issue of 2,885,608,004 shares (note 33(a)) have been effective on 1 January 2014.

The calculation of the basic earnings per share amounts is based on:

	2015 *RMB'000*	2014 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**230,622**	191,984

	Number of ordinary shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,000,000,000**	3,804,945,055

There were no potentially dilutive ordinary shares in issue during the year and therefore the diluted earnings per share was the same as the basic earnings per share.

12. PROPERTY, PLANT AND EQUIPMENT

	Park and other buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment and furniture RMB'000	Live animals RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2014	2,586,118	952,306	30,991	84,978	132,676	33,229	3,820,298
Additions	7,137	4,475	3,405	5,356	11,464	82,305	114,142
Revaluation surplus	13,018	–	–	–	–	30,989	44,007
Transfers to investment properties	(24,442)	–	–	–	–	(44,870)	(69,312)
Transfers	34,307	1,820	–	5,499	–	(41,626)	–
Disposals	–	(1,526)	(435)	(3,092)	(9,121)	–	(14,174)
At 31 December 2014 and 1 January 2015	**2,616,138**	**957,075**	**33,961**	**92,741**	**135,019**	**60,027**	**3,894,961**
Additions	**8,921**	**13,965**	**1,748**	**7,805**	**6,888**	**117,748**	**157,075**
Transfers	**39,880**	**4,581**	**–**	**6,828**	**–**	**(51,289)**	**–**
Disposals	**–**	**(7,514)**	**(305)**	**(1,455)**	**(7,452)**	**–**	**(16,726)**
At 31 December 2015	**2,664,939**	**968,107**	**35,404**	**105,919**	**134,455**	**126,486**	**4,035,310**
Accumulated depreciation							
At 1 January 2014	(392,164)	(507,710)	(21,698)	(62,893)	(105,015)	–	(1,089,480)
Depreciation for the year	(81,959)	(65,845)	(3,605)	(8,662)	(19,094)	–	(179,165)
Transfers to investment properties	1,221	–	–	–	–	–	1,221
Disposals	–	349	227	2,471	8,728	–	11,775
At 31 December 2014 and 1 January 2015	**(472,902)**	**(573,206)**	**(25,076)**	**(69,084)**	**(115,381)**	**–**	**(1,255,649)**
Depreciation for the year	**(79,773)**	**(68,980)**	**(3,608)**	**(9,941)**	**(11,797)**	**–**	**(174,099)**
Disposals	**–**	**6,273**	**223**	**1,335**	**6,267**	**–**	**14,098**
At 31 December 2015	**(552,675)**	**(635,913)**	**(28,461)**	**(77,690)**	**(120,911)**	**–**	**(1,415,650)**
Net carrying amount							
At 31 December 2015	**2,112,264**	**332,194**	**6,943**	**28,229**	**13,544**	**126,486**	**2,619,660**
At 31 December 2014	2,143,236	383,869	8,885	23,657	19,638	60,027	2,639,312

The Group's parcels of land where the hotel buildings, parks and other buildings are situated in Mainland China are held under medium term leases.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the property, plant and equipment as at 31 December 2015 was certain machinery with a net carrying amount of RMB1,427,000 (2014: RMB157,602,000) which was held under finance leases.

The Group's property, plant and equipment with a carrying value of RMB1,142,838,000 (2014: RMB1,464,770,000) were pledged to secure banking facilities granted to the Group at 31 December 2015 (note 29).

13. INVESTMENT PROPERTIES

	Completed *RMB'000*
At 31 December 2014 and 1 January 2015	**1,935,000**
Additions	**2,651**
Write-off	**(4,070)**
Reclassification from completed properties held for sale (note 18)	**470,690**
Net loss from fair value adjustments (note 7)	**(25,531)**
At 31 December 2015	**2,378,740**

	Completed *RMB'000*
At 31 December 2013 and 1 January 2014	1,558,000
Additions	42,901
Reclassification from property, plant and equipment (note 12)	68,091
Reclassification from prepaid land lease payments (note 14)	8,562
Reclassification from completed properties held for sale (note 18)	347,977
Disposal	(37,500)
Net loss from fair value adjustments (note 7)	(53,031)
At 31 December 2014	1,935,000

Certain investment properties are leased to third parties under operating leases, the summary details of which are included in note 38(a).

Investment properties are stated at fair value, which has been determined with reference to the valuations performed by DTZ Debenham Tie Leung Limited – Beijing Branch ("DTZ"), independent firms of professionally qualified valuers, on the income approach, as at 31 December 2015. The fair value represents the amount of market value at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

13. INVESTMENT PROPERTIES (continued)

Investment properties of approximately RMB2,378,740,000 (31 December 2014: RMB1,935,000,000) as at 31 December 2015 are located in Mainland China under medium term leases.

In 2015 and 2014, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the dates of change in use by DTZ. The differences between the fair values of the properties at those dates and their then carrying amounts of RMB134,067,000 and RMB192,482,000 were recognised in the statement of profit or loss for the years ended 31 December 2015 and 2014, respectively.

Included in the completed investment properties were certain buildings with a carrying value of RMB310,530,000 (2014: RMB549,000,000), of which the property certificates have not been obtained as at 31 December 2015.

The Group's investment properties with a carrying value of RMB262,406,000 (2014: RMB525,703,000) were pledged to secure general banking facilities granted to the Group as at 31 December 2015 (note 29).

The Group's investment properties with a carrying value of nil (31 December 2014: RMB160,963,000) were pledged to secure finance lease facilities granted to the Group as at 31 December 2015 (note 30).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**2,378,740**	**2,378,740**

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for:				
Commercial properties	–	–	1,935,000	1,935,000

13. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

During the year ended 31 December 2015 (2014: Nil), there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Carrying amount at 1 January	**1,935,000**	1,558,000
Additions	**2,651**	42,901
Write-off	**(4,070)**	–
Reclassification from property, plant and equipment	**–**	68,091
Reclassification from prepaid land lease payments	**–**	8,562
Reclassification from completed properties held for sale	**470,690**	347,977
Disposal	**–**	(37,500)
Net loss from fair value adjustments recognised in other income in profit or loss	**(25,531)**	(53,031)
Carrying amount at 31 December	**2,378,740**	1,935,000

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

Commercial properties	Valuation technique	Significant unobservable inputs	Range (weighted average)
Year ended 31 December 2015	Income method	Market monthly rental rate (RMB/sq.m.)	39-124
		Capitalisation rate	3%-6.5%

13. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the income method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

14. PREPAID LAND LEASE PAYMENTS

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Carrying amount at beginning of the year	**362,618**	378,614
Addition	**750,003**	–
Revaluation surplus	**–**	5,467
Transfers to investment properties (note 13)	**–**	(8,562)
Amortised during the year	**(25,437)**	(12,901)
Carrying amount at end of year	**1,087,184**	362,618
Current portion included in prepayments, deposits and other receivables (note 23)	**(27,664)**	(12,263)
Non-current portion	**1,059,520**	350,355

14. PREPAID LAND LEASE PAYMENTS (continued)

The leasehold interests in land of RMB213,141,000 (2014: RMB183,112,000) were pledged for certain borrowings granted to the Group as at 31 December 2015 (note 29).

The Group experienced delays in the commencement of construction of certain parcels of land in Mainland China with a carrying value at 31 December 2015 of RMB34,747,000 (2014: RMB36,879,000). Under the relevant PRC laws, the Group may be subject to penalties from relevant government authorities as a result of delay in commencement of construction. Having taken into account the Company's legal counsel advice, the directors of the Company are of opinion that the payment of a penalty would be remote and no provision is required. As at 31 December 2015, the construction of the relevant parks and ancillary facilities on the parcels of land were completed.

15. INTANGIBLE ASSETS

Intangible assets comprised computer software with useful lives of 5 to 10 years. The movements in intangible assets are analysed as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Software		
At 1 January		
Cost	**14,124**	13,142
Accumulated amortisation	**(6,469)**	(5,085)
Net carrying amount	**7,655**	8,057
Cost at 1 January, net of accumulated amortisation	**7,655**	8,057
Additions	**2,936**	982
Amortisation provided during the year	**(1,523)**	(1,384)
At 31 December, net of accumulated amortisation	**9,068**	7,655
At 31 December		
Cost	**17,060**	14,124
Accumulated amortisation	**(7,992)**	(6,469)
Net carrying amount	**9,068**	7,655

16. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Current		
Bank structured products, at fair value	**200**	45,200

The balance represented principal-protected structured products with maturity within one year.

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Non-current		
Unlisted equity investments, at cost	**19,170**	19,170

The Group holds a 9% equity interest in an unlisted company, 成都忠捷置業有限公司 in Mainland China with registered capital of RMB213,000,000. The principal business of 成都忠捷置業有限公司 is the development and sale of properties.

The unlisted equity investment was stated at cost less impairment loss because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

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17. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Withholding tax *RMB'000*	Interest capitalised *RMB'000*	Rental income recognised *RMB'000*	Depreciation allowance of investment properties *RMB'000*	Depreciation allowance in excess of related depreciation *RMB'000*	Change in fair value of investment properties *RMB'000*	Total *RMB'000*
As at 1 January 2014	–	29,408	3,771	23,113	4,754	96,784	157,830
Charged/(credited) to the statement of profit or loss (note 10)	23,857	6,718	2,249	4,530	(4,029)	47,231	80,556
As at 31 December 2014 and 1 January 2015	23,857	36,126	6,020	27,643	725	144,015	238,386
Charged/(credited) to the statement of profit or loss (note 10)	29,424	(2,346)	224	12,260	(532)	27,134	66,164
As at 31 December 2015	53,281	33,780	6,244	39,903	193	171,149	304,550

Deferred tax assets

	Tax losses *RMB'000*	Advances from customers on pre-sale of properties *RMB'000*	Government grants *RMB'000*	Impairment of assets *RMB'000*	Accruals and other payables *RMB'000*	Total *RMB'000*
As at 1 January 2014	8,587	5,005	179,941	204	27,624	221,361
Credited/(charged) to the statement of profit or loss (note 10)	(8,587)	(893)	(12,978)	12	5,395	(17,051)
As at 31 December 2014 and 1 January 2015	–	4,112	166,963	216	33,019	204,310
Credited/(charged) to the statement of profit or loss (note 10)	–	1,194	(9,305)	(216)	(3,139)	(11,466)
As at 31 December 2015	–	5,306	157,658	–	29,880	192,844

17. DEFERRED TAX ASSETS/LIABILITIES (continued)

For the purpose of the financial statement presentation, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**51,191**	121,943
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(162,897)**	(156,019)
	(111,706)	(34,076)

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Tax losses not recognised for deferred tax assets	**621,933**	459,645

In accordance with the PRC laws and regulations, tax losses arising in Mainland China could be carried forward for a period of five years to offset against future taxable profits.

Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015, deferred tax liabilities of RMB29,424,000 (2014: RMB23,857,000) have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. Pursuant to a resolution of the board of directors of the Company, these subsidiaries will not distribute such earnings derived up to 31 December 2013. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was RMB217,633,000 as at 31 December 2015 (2014: RMB217,633,000).

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18. COMPLETED PROPERTIES HELD FOR SALE

	31 December 2015 RMB'000	31 December 2014 RMB'000
Carrying amount at 1 January 2015	474,457	611,465
Transfer from properties under development (note 19)	307,816	164,291
Fair value change on completed properties held for sale (note 7)	134,067	192,482
Reclassification to investment properties (note 13)	(470,690)	(347,977)
Recognised in the current year (note 7)	(72,360)	(145,804)
Carrying amount at 31 December	373,290	474,457

Included in the completed properties held for sale were certain buildings with a carrying value of RMB4,549,000 (31 December 2014: Nil) for which the property certificates have not been obtained as at 31 December 2015.

19. PROPERTIES UNDER DEVELOPMENT

	31 December 2015 RMB'000	31 December 2014 RMB'000
Carrying amount at 1 January	549,859	596,071
Additions	76,494	118,079
Transfer to completed properties held for sale (note 18)	(307,816)	(164,291)
Carrying amount at 31 December	318,537	549,859

The properties under development are located in Mainland China with lease terms ranging from 40 to 70 years.

Certain of the Group's properties under development with a carrying value at 31 December 2015 of RMB43,616,000 (2014: RMB80,932,000) were pledged to secure bank loans granted to the Group at 31 December 2015 (note 29).

20. CONSTRUCTION CONTRACTS

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Gross amounts due from a contract customer	**43,667**	89,112

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Contract costs incurred plus recognised profits less recognised losses to date	**286,191**	281,100
Less: Progress billings	**(242,524)**	(191,988)
	43,667	89,112

21. INVENTORIES

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Merchandise	**15,414**	15,748
Provision for impairment	**(803)**	(866)
	14,611	14,882

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22. TRADE RECEIVABLES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Trade receivables	75,649	64,387
Less: Provision for doubtful debts	(11,211)	(6,239)
	64,438	58,148

The Group's trading terms with its institutional customers and lessee are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, net of provision for doubtful debts, is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	8,855	36,972
Over 90 days and within one year	26,147	9,592
Over one year	29,436	11,584
	64,438	58,148

The movements in provision for impairment of trade receivables are as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
At 1 January	6,239	3,703
Impairment losses recognised (note 7)	7,006	2,536
Amount written off as uncollectible	(2,034)	–
	11,211	6,239

22. TRADE RECEIVABLES (continued)

The aging analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Neither past due nor impaired	**44,956**	55,969
Past due within one year	**12,983**	2,136
Past due over one year	**6,499**	43
	64,438	58,148

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The carrying amounts of the trade receivables approximate to their fair values due to their relatively short maturity terms.

The Group's trade receivables with a carrying value of RMB44,553,000 (31 December 2014: RMB47,596,000) were pledged to secure general banking facilities granted to the Group at 31 December 2015 (note 29).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Prepayments	**303,110**	24,067
Deposits and other receivables	**67,642**	57,247
Current portion of prepaid land lease payments (note 14)	**27,664**	12,263
	398,416	93,577
Less: Non-current portion	**(294,668)**	(17,845)
	103,748	75,732

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23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements in provision for impairment of prepayments and other receivables are as follows:

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
At 1 January	**10,915**	10,531
Impairment losses recognised (note 7)	**2,892**	384
	13,807	10,915

The carrying amounts of deposits and other receivables approximate to their fair values due to their relatively short maturity terms.

24. AMOUNTS DUE FROM/TO RELATED COMPANIES/A NON-CONTROLLING EQUITY HOLDER

Balances with related companies and a non-controlling equity holder are interest-free, unsecured and repayable on demand. The carrying amounts of these balances approximate to their fair values due to their relatively short maturity terms.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Cash and bank balances	**976,964**	2,033,545
Denominated in RMB	**962,524**	1,507,749
Denominated in Hong Kong dollar ("HKD")	**7,388**	97,314
Denominated in United States dollar ("USD")	**7,052**	428,482
Cash and bank balances	**976,964**	2,033,545

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

An analysis of the cash and cash equivalents and pledged bank balances is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Cash and bank balances	**912,692**	1,211,730
Time deposits with original maturity of less than three months	**64,272**	821,815
	976,964	2,033,545
Less: Pledged for interest-bearing bank loans (note 29)	**(542)**	(480,541)
Pledged for mortgage loans of purchasers	**(5,955)**	(1,550)
Pledged for bills payable (note 26)	**–**	(8)
	(6,497)	(482,099)
Unpledged cash and cash equivalents	**970,467**	1,551,446
Less: Restricted cash and bank balances*	**(2,343)**	(18,316)
Unpledged and unrestricted cash and cash equivalents	**968,124**	1,533,130

* The cash balance received from customers for pre-sale properties are restricted to use for the construction of related properties.

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB962,524,000 (31 December 2014: RMB1,507,749,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The cash and bank balances and pledged bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged bank balances approximate to their fair values.

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26. TRADE AND BILLS PAYABLES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year	**109,307**	154,488
Over one year	**140,957**	191,470
	250,264	345,958

The bills payable were secured by the pledge of the Group's time deposits of nil (31 December 2014: RMB8,000) at 31 December 2015 (note 25).

The trade payables are interest-free and normally settled on terms of 30 to 180 days.

The fair values of trade and bills payables approximate to their carrying amounts due to their relatively short maturity terms.

27. OTHER PAYABLES AND ACCRUALS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Other payables	**265,234**	255,886
Accruals	**28,952**	25,437
	294,186	281,323

All other payables are unsecured, interest-free and repayable on demand.

The fair values of other payables approximate to their carrying amounts due to their relatively short maturity terms.

28. ADVANCES FROM CUSTOMERS

Advances from customers mainly represented sales proceeds received from buyers in connection with the Group's pre-sale properties.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Finance lease payables* (note 30)	23	2016	985	12-23	2015	40,213
Other loans – secured	7	2016	58,865	9	2015	38,997
Bank loans – secured	5	2016	200,000	3	2015	441,179
Current portion of non-current loans – secured	5-8	2016	503,639	6-9	2015	790,224
			763,489			1,310,613
Non-current						
Finance lease payables* (note 30)	23	2017	1,520	12-23	2016-2017	2,505
Other loans – secured	7	2017	69,295	9	2016-2017	128,629
Bank loans – secured	5-8	2017-2025	1,531,711	6-9	2016-2025	1,328,389
			1,602,526			1,459,523
			2,366,015			2,770,136

* Included in the finance lease payable was an amount of RMB2,505,000 due to 龐大歐力士汽車租賃有限公司 ("Orix Lease") at 31 December 2015 (31 December 2014: RMB3,291,000) which bears interest at 22.6% per annum.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**703,639**	1,231,403
In the second year	**555,715**	314,919
In the third to fifth years, inclusive	**780,276**	748,270
Beyond five years	**195,720**	265,200
	2,235,350	2,559,792
Other borrowings repayable:		
Within one year or on demand	**59,850**	79,210
In the second year	**70,815**	60,145
In the third to fifth years, inclusive	**–**	70,989
	130,665	210,344
	2,366,015	2,770,136

(i) The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values at 31 December 2015 and 2014 as follows:

	Notes	**31 December 2015** ***RMB'000***	31 December 2014 *RMB'000*
Property, plant and equipment	*12*	**1,142,838**	1,464,770
Investment properties	*13*	**262,406**	525,703
Prepaid land lease payments	*14*	**213,141**	183,112
Properties under development	*19*	**43,616**	80,932
Trade receivables	*22*	**44,553**	47,596
Pledged bank balances	*25*	**542**	480,541

Tianjin Park pledged its trade receivables arising from sales for certain borrowings amounting to RMB223,296,000 granted to the Group at 31 December 2015 (2014: RMB278,770,000). As at 31 December 2015, the related trade receivables amounted to RMB5,986,000 (2014: RMB7,705,000) (note 22).

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(i) (continued)

Yantai Park pledged its income received and park operation rights and Qingdao Park pledged its 100% equity interest in and income from property rights for certain borrowings amounting to RMB128,161,000 granted to the Group at 31 December 2015 (2014: RMB246,686,000).

Wuhan Park pledged its trade receivables arising from sales for certain borrowings amounting to RMB285,322,000 granted to the Group at 31 December 2015 (2014: RMB380,080,000). As at 31 December 2015, the related trade receivables amounted to RMB6,562,000 (2014: RMB1,703,000) (note 22).

Chengdu Park pledged its trade receivables arising from sales for certain borrowings amounting to RMB291,093,000 granted to the Group at 31 December 2015 (2014: RMB388,898,000). As at 31 December 2015, the related trade receivables amounted to RMB16,796,000 (2014: RMB24,813,000) (note 22).

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings amounting to RMB395,640,000 granted to the Group at 31 December 2015 (2014: RMB400,140,000). As at 31 December 2015, the related trade receivables amounted to RMB15,209,000 (2014: RMB13,375,000) (note 22).

All the Group's borrowings are denominated in RMB and HKD.

The bank and other borrowings balances of the Group bear interest at floating rates, except for bank and other borrowings of RMB400,000,000 at 31 December 2015 (2014: RMB1,577,509,000) that bear interest at fixed rates.

30. FINANCE LEASE PAYABLES

The Group carried out sale and lease back transactions for certain of its machinery to obtain borrowings. The sale and lease back transactions are classified as finance leases and have remaining lease terms of three years.

	Minimum lease payments 31 December 2015	**Present value of minimum lease payments 31 December 2015**	Minimum lease payments 31 December 2014	Present value of minimum lease payments 31 December 2014
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Amounts payable:				
Within one year	**17,111**	**985**	85,187	40,213
In the second year	**2,014**	**1,520**	17,111	985
In the third year	**–**	**–**	2,014	1,520
Total minimum finance lease payments	**19,125**	**2,505**	104,312	42,718
Future finance charges	**(16,620)**		(61,594)	
Total net finance lease payables (note 29)	**2,505**		42,718	
Portion classified as current liabilities (note 29)	**(985)**		(40,213)	
Non-current portion (note 29)	**1,520**		2,505	

The fair value of the Group's finance lease payables approximated to RMB2,880,000 at 31 December 2015 (2014: RMB43,076,000).

The Group pledged its investment properties with a carrying value of nil (31 December 2014: RMB160,963,000) for certain finance lease payables amounting to nil (31 December 2014: RMB39,428,000) at 31 December 2015 (note 13).

The finance lease payable of RMB2,505,000 to Orix Lease at 31 December 2015 (2014: RMB3,291,000) was unsecured, bore interest at 22.6% per annum, with maturity date on 31 December 2017.

31. GOVERNMENT GRANTS

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Carrying amount at 1 January	**839,415**	891,757
Received during the year	**108,383**	16,132
Recognised in profit or loss (note 6)	**(45,604)**	(68,474)
Carrying amount at 31 December	**902,194**	839,415
Current	**22,363**	20,760
Non-current	**879,831**	818,655
	902,194	839,415

Government grants have been received either for the construction of certain items of property, plant and equipment, properties under development, investment properties or for business development of the Group subsidiaries. There are no unfulfilled conditions and contingencies relating to these grants.

32. DEFERRED REVENUE

Deferred revenue represents the pre-sale of park tickets.

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33. SHARE CAPITAL

Shares

	Number of ordinary shares	
	Nominal value of USD0.0001 each	USD
Issued and fully paid		
1 January 2014	114,391,996	11
Capitalisation issue (note (a))	2,885,608,004	289
Issue of new shares (note (b))	1,000,000,000	100
At 31 December 2014 and 1 January 2015 and 31 December 2015	4,000,000,000	400

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Issued and fully paid:		
Ordinary shares	**2,451**	2,451

(a) In February 2014, the Company issued 2,885,608,004 ordinary shares of USD0.0001 each upon capitalisation in an amount of USD0.3 million standing to the share premium account of the Company to the then shareholders whose names were on the register of members of the Company.

(b) In March 2014, 1,000,000,000 new ordinary shares of USD0.0001 were issued at HKD2.45 each by the Company for a total consideration of HKD2,450,000,000 (equivalent to RMB1,935,010,000), before share issue expenses upon global offering of the Company.

34. SHARE AWARD SCHEME

Mr. Qu, a director and a controlling shareholder of the Company, adopted a management share purchase scheme on 13 January 2015 to allow eligible participants to purchase a total of 83,084,476 Shares, representing approximately 2.08% of the total issued share capital of the Company, at a price of HKD1.36 per shares (being the average of closing prices of the Shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") daily quotation sheets for the 23 business days immediately preceding 1 January 2015) from an intermediary which is an associate of Mr. Qu for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations.

During the year ended 31 December 2015, Mr. Qu sold 83,084,476 shares of the Company at a price of HKD1.36 per shares to the eligible persons of the Company.

35. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(a) Capital reserve

The amounts represent deemed contribution from equity holders less deemed distribution to equity holders, consideration paid by the Group to non-controlling equity holders over their then share of net assets of subsidiaries acquired, and dilution upon capital contribution by the non-controlling equity holders.

(b) Statutory reserves

In accordance with the PRC Company Law and the PRC subsidiaries' articles of association, each subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined under PRC GAAP (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

35. RESERVES (continued)

(c) Deemed distribution to the equity holders

In January 2014, further settlement was made by the Group to 大連世博房地產開發有限公司 of RMB38,751,000 in relation to the acquisition consideration of Shibo Business that was accounted for as a deemed distribution to the equity holders.

In January 2014, the Group acquired a 100% equity interest in Shanghai Haichang from Haichang Group of a total consideration of RMB10,000,000 and the consideration paid was recognised in equity directly as a deemed distribution to the equity holders.

In December 2014, the Group acquired Discoveryland and Chongqing Caribbean from Haichang Asia Investment Limited (a company of which Mr. Qu has an indirect beneficial interest as an equity holder), Orix (China) Investment Company Limited ("Orix", a company established in the PRC, a related company of the Company), 大連海昌集團有限公司 ("Haichang Group", a related company of the Company) and 大連海昌房地產集團有限公司 ("Haichang Property Group", a company in which Mr. Qu has an indirect beneficial interest as an equity holder), separately, which has been accounted for as a business combination under common control under the pooling of interest method. The net assets of Discoveryland and Chongqing Caribbean so consolidated to the Group have been accounted for as a deemed contribution from the equity holders since 1 January 2013. In December 2014, the Group paid RMB426,874,000 in relation to the acquisition consideration of Discoveryland and Chongqing Caribbean.

Pursuant to an agreement entered into on 24 September 2013 between Haichang Asia Investment Limited, Orix, Haichang Group and Haichang Holdings HK that Haichang Holdings HK would acquire the entire equity interest in Discoveryland.

Pursuant to an agreement entered into on 23 September 2013 between Dalian Tourism and Haichang Property Group that Dalian Tourism would acquire the entire equity interest in Chongqing Caribbean.

Further details of the foregoing agreements ("Share Subscription Agreements") are set out in section headed "HISTORY, REORGANIZATION AND CORPORATE STRUCTURE" of the Company's prospectus for public offering dated 28 February 2014.

Pursuant to the related agreements, the previous equity holders of Discoveryland and Chongqing Caribbean repaid the Company RMB426,514,000 for the cash payment received by them in connection with the sale of Discoveryland and Chongqing Caribbean. The repayment was accounted for as a capital contribution from the equity holders.

In March 2015, previous equity holders of Discoveryland and Chongqing Caribbean further repaid the Company RMB212,000 for the cash received by them in connection with the sale of Discoveryland and Chongqing Caribbean. The repayment was accounted for as a capital contribution from the equity holders.

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

LHT

	2015	2014
Percentage of equity interest held by non-controlling interests	**41.7%**	41.7%

	2015 *RMB'000*	2014 *RMB'000*
Profit for the year allocated to non-controlling interests	**17,688**	14,203
Accumulated balances of non-controlling interests at the reporting dates	**146,737**	129,049

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2015 *RMB'000*	2014 *RMB'000*
Revenue	**171,767**	152,531
Other income and gains	**6,107**	24,043
Cost of sales	**(69,292)**	(64,294)
Total expense	**(29,859)**	(49,158)
Income tax expense	**(19,764)**	(15,778)
Net profit and total comprehensive income for the year	**58,959**	47,344
Current assets	**302,075**	242,811
Non-current assets	**110,616**	101,267
Current liabilities	**(18,046)**	(8,588)
Net cash flows (used in)/from operating activities	**(39,241)**	68,038
Net cash flows (used in)/from investing activities	**(7,161)**	7,251
Net cash flows used in financing activities	**–**	(17,840)
Net (decrease)/increase in cash and cash equivalents	**(46,402)**	57,449

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37. CONTINGENT LIABILITIES

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**69,381**	51,788

* The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the mortgage loan and ends after the execution of the purchaser's collateral agreement.

The Group did not incur any material losses during the year (2014: Nil) in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

38. OPERATING LEASE COMMITMENTS

(a) As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from three months to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2015 ***RMB'000***	31 December 2014 *RMB'000*
Within one year	**80,038**	48,409
In the second to fifth years, inclusive	**286,955**	164,271
After five years	**355,173**	280,132
	722,166	492,812

38. OPERATING LEASE COMMITMENTS (continued)

(b) As lessee

The Group leases certain parcels of its land and office buildings under operating lease arrangements.

At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Within one year	**6,498**	5,562
In the second to fifth years, inclusive	**2,116**	5,887
	8,614	11,449

39. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group had the following capital commitments at the end of the reporting period:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Contracted, but not provided for:		
Properties under development, buildings and machinery, live animals, and prepaid land lease payments	**453,073**	373,938
Authorised but not contracted	**–**	28,736
	453,073	402,674

40. RELATED PARTY TRANSACTIONS AND BALANCES

The related companies with which the Group had transactions were as follows:

Name of related party	Relationship with the Group
Mr. Qu	Director and beneficial shareholder of the Company
程春萍 ("Ms. Cheng")	Spouse of Mr. Qu and beneficial shareholder of the Company
Haichang Corporation Development	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌房地產開發有限公司 ("Tianjin Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
Haichang Group	Mr. Qu and Ms. Cheng are beneficial equity holders
Haichang Property Group	Mr. Qu and Ms. Cheng are beneficial equity holders
成都海昌置業有限公司 ("Chengdu Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢物業管理有限公司 ("Wuhan Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢創富房地產發展有限公司 ("Wuhan Chuangfu")	Mr. Qu and Ms. Cheng are beneficial equity holders
成都融信置地有限公司 ("Chengdu Rongxin Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連聯運有限公司 ("Dalian Lianyun")	Mr. Qu and Ms. Cheng are beneficial equity holders
Hong Kong Oriental Investment (Holding) Ltd. ("HK East investment")	Mr. Qu and Ms. Cheng are beneficial equity holders
Orix Lease	A joint venture of a beneficial shareholder of the Company
煙台海昌物業管理有限公司 ("Yantai Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌極地物業管理有限公司 ("Tianjin Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌欣城物業有限公司 ("Haichang Xincheng")	Mr. Qu and Ms. Cheng are beneficial equity holders
Hong Kong Smooth Clear Holdings Limited ("Hong Kong Smooth Clear")	Mr. Qu Cheng (the son of Mr. Qu and Ms. Cheng) is beneficial equity holder
Hong Kong Merry Great Investment Limited	Mr. Qu Cheng is a beneficial equity holder
Sea Fortune Navigation Limited ("Sea Fortune")	Mr. Qu Cheng is a beneficial equity holder
大連世博房地產開發有限公司 ("Dalian Shibo")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌置地紅酒莊園有限公司 ("Haichang Redwine")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌物業管理有限公司 ("Dalian Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
煙台海昌旅遊發展有限公司 ("Yantai Haichang Tourism Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連東方水城發展有限公司 ("Dalian Oriental Watertown Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連老虎灘海洋公園 ("Hutan Park")	Non-controlling equity holder of a subsidiary

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

		2015	2014
		RMB'000	RMB'000
Rental incomes:			
Haichang Corporation Development	*(a)(i)*	**4,800**	4,800
Wuhan Chuangfu	*(a)(i)*	**3,722**	1,009
Dalian Shibo	*(a)(i)*	**1,793**	714
Tianjin Haichang Property	*(a)(i)*	**1,469**	600
Yantai Haichang Tourism Development	*(a)(i)*	**1,317**	357
Dalian Oriental Watertown Development	*(a)(i)*	**842**	–
		13,943	7,480
Interest income:			
Haichang Group	*(a)(ii)*	**–**	10,433
Management fee incomes:			
Wuhan Chuangfu	*(a)(iii)*	**4,119**	1,142
Tianjin Haichang Property	*(a)(iii)*	**1,643**	1,281
Chengdu Haichang Property	*(a)(iii)*	**1,316**	1,212
		7,078	3,635
Management fee expenses:			
Wuhan Property Management	*(a)(iv)*	**1,011**	1,200
Tianjin Property Management	*(a)(iv)*	**830**	288
Dalian Property Management	*(a)(iv)*	**444**	160
Yantai Property Management	*(a)(iv)*	**39**	16
		2,324	1,664

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(i) The Group has leased out office space to Haichang Corporation Development under a lease agreement (the "Lease") dated 24 January 2014, pursuant to which the Group leases the premises to Haichang Corporation Development for a term of two years from 1 January 2014 to 31 December 2015 for RMB400,000 per month. Rental income for the period ended 31 December 2015 from Haichang Corporation Development was RMB4,800,000 (2014: RMB4,800,000).

On 14 October 2014, the Group entered into lease agreements to lease out office space to Wuhan Chuangfu, Dalian Shibo, Yantai Haichang Tourism Development and Tianjin Haichang Property. The Group charged monthly rental charge of RMB310,000, RMB220,000, RMB110,000 and RMB122,000 during 2015 to Wuhan Chuangfu, Dalian Shibo, Yantai Haichang Tourism Development and Tianjin Haichang Property. On 15 September 2015, the Group entered into a tripartite agreement with Dalian Shibo and Dalian Oriental Watertown Development, pursuant to which Dalian Oriental Watertown Development continued to execute the contract to replace Dalian Shibo commencing from 19 September 2015. Rental incomes derived by the Group in 2015 from Wuhan Chuangfu, Dalian Shibo, Tianjin Haichang Property, Yantai Haichang Tourism Development and Dalian Oriental Watertown Development were RMB3,722,000, RMB1,793,000, RMB1,469,000, RMB1,317,000 and RMB842,000, respectively.

In the opinion of the directors of the Company, the transactions between the Group and Haichang Corporation Development, Wuhan Chuangfu, Tianjin Haichang Property, Dalian Shibo, Yantai Haichang Tourism Development, Dalian Oriental Watertown Development were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(ii) The Group derived interest income amounting to nil (2014: RMB10,433,000) from Haichang Group from the loan granted which bore interest at 13.56% per annum and the loan was repaid in February 2014.

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(iii) On 24 January 2014, Haichang Corporation Development and the Group entered into a project management framework agreement (the "Project Management Framework Agreement"), pursuant to which Group would provide project management and quality control services for the real estate projects of Haichang Corporation Development in Mainland China from the date of the Company's shares listing on the Stock Exchange to 31 December 2015.

On 1 July 2014, Wuhan Chuangfu, Tianjin Haichang Property and Chengdu Haichang Property entered into management service agreements with the Group to engage the Group to provide management service for service charges of 1% of their construction contract value per annum for an eighteen-month period commencing from 1 July 2014. During the year ended 31 December 2015, management fee incomes from Wuhan Chuangfu, Tianjin Haichang Property and Chengdu Haichang Property were RMB4,119,000, RMB1,643,000 and RMB1,316,000.

In the opinion of the directors of the Company, the transactions between the Group and Wuhan Chuangfu, Tianjin Haichang Property and Chengdu Haichang Property were conducted in the ordinary and usual course of business and on terms and conditions agreed mutually.

(iv) On 19 September 2014, Wuhan Property Management, Tianjin Property Management, Dalian Property Management and Yantai Property Management entered into a property management agreement with the Group to provide management service at RMB1,011,000, RMB766,000, RMB644,000 and RMB79,000 per annum respectively for a three-year period commencing from 19 September 2014. During the year ended 31 December 2015, management fee expenses to Wuhan Property Management, Tianjin Property Management, Dalian Property Management and Yantai Property Management were RMB1,011,000, RMB830,000, RMB444,000 and RMB39,000, respectively (2014: RMB288,000, RMB1,200,000, RMB160,000 and RMB16,000, respectively).

In the opinion of the directors of the Company, the transactions between the Group and Wuhan Property Management, Tianjin Property Management, Dalian Property Management, Yantai Property Management were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

(v) The Group entered into sale and purchase agreements in relation to the purchase of 17 properties from Dalian Shibo, at a total consideration of RMB278,756,000 in December 2013. The transaction was completed in January 2014. In January 2014, settlement made by the Group to Dalian Shibo of RMB38,751,000 in relation to the acquisition consideration of the property holding and investment business of Dalian Shibo was accounted for as a deemed distribution to the equity holders.

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(i) The Group acquired a 100% equity interest in Shanghai Haichang from Haichang Group at a total consideration of RMB10 million in January 2014.

(ii) Pursuant to a share subscription agreement dated 24 May 2012 entered into among the Company, Haichang Group, Mr. Qu and Hony Capital Fund V, L.P ("Hony"), the Company issued 14,391,996 shares of USD0.0001 each for a consideration of USD80,500,000 ("Hony Agreement").

Pursuant to a share subscription agreement dated 13 July 2012 entered into among the Company, Orix and Oriental Camellia Investment Limited ("Orix Hong Kong"), (a wholly-owned subsidiary of Orix), the Company issued 15,000,000 shares of USD0.0001 each ("Orix Agreement") to Orix Hong Kong at par value.

As covenants in relation to the restructuring plan as contemplated in the Orix Agreement and the Hony Agreement, after the completion of acquisition of Discoveryland by the Group, as deferred payment of the initial subscription premium of Mr. Qu's beneficial shares, the equity holders of Discoveryland and/or their affiliates should repay to the Company such amount that equals to the cash payment received by him in connection with the sale of Discoveryland as consideration for their equity interests therein.

As covenants in relation to the restructuring plan as contemplated in the Orix Agreement and the Hony Agreement, after the completion of the acquisition of Chongqing Caribbean by the Group, the equity holder of Chongqing Caribbean and/or his affiliates shall repay to the Company such amount that equals to the cash payment received by them in connection with the sale of Chongqing Caribbean as consideration for their equity interests therein, as deferred payment of the initial subscription premium of Mr. Qu's beneficial shares.

In the case where the acquisitions of Discoveryland and Chongqing Caribbean could not be completed before the end of 2014, Mr. Qu and the Company should indemnify Hony and Orix Hong Kong and their affiliates for losses, if any, incurred to foregoing investors. This indemnification is subject to various limitations specified in the Orix Agreement and the Hony Agreement and the maximum liability of Mr. Qu and the Company shall not exceed 20% of the total share purchase price as specified in the Orix Agreement.

The acquisitions mentioned above were completed in December 2014.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

40. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies

The Group had the following balances with its related parties at the end of each of the reporting periods:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Due from related companies		
Wuhan Chuangfu	**1,813**	–
Chengdu Haichang Property	**1,316**	1,212
Dalian Property Management	**322**	320
Orix Lease	**231**	231
Tianjin Haichang Property	**70**	–
Yantai Property Management	**–**	39
	3,752	1,802
Due from a non-controlling equity holder		
Hutan Park	**20,000**	–
Due to related companies		
Dalian Oriental Watertown Development	**1,877**	–
Yantai Haichang Tourism Development	**968**	996
Wuhan Property Management	**504**	46
Tianjin Haichang Property	**294**	294
Dalian Shibo	**210**	2,003
Wuhan Chuangfu	**–**	1,696
	3,853	5,035
Finance lease payables		
Orix Lease	**2,505**	3,291

(c) Compensation to the key management

	31 December 2015 RMB'000	31 December 2014 RMB'000
Emoluments:		
Salaries, allowances, bonuses, benefits and other expenses	**11,825**	9,650
Post-employment benefits	**327**	270
	12,152	9,920

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting periods are as follows:

31 December 2015

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in deposits and other receivables (note 23)	67,642	–	67,642
Available-for-sale investments	–	19,370	19,370
Trade receivables	64,438	–	64,438
Due from related companies	3,752	–	3,752
Due from a non-controlling equity holder	20,000	–	20,000
Pledged deposits	6,497	–	6,497
Cash and cash equivalents	970,467	–	970,467
	1,132,796	19,370	1,152,166

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals (note 27)	294,055
Interest-bearing bank and other borrowings (note 29)	2,366,015
Trade and bills payables	250,264
Due to related companies	3,853
	2,914,187

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2014

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in deposits and other receivables (note 23)	57,247	–	57,247
Available-for-sale investments	–	64,370	64,370
Trade receivables	58,148	–	58,148
Due from related companies	1,802	–	1,802
Pledged deposits	482,099	–	482,099
Cash and cash equivalents	1,551,446	–	1,551,446
	2,150,742	64,370	2,215,112

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals (note 27)	281,323
Interest-bearing bank and other borrowings (note 29)	2,770,136
Trade and bills payables	345,958
Due to related companies	5,035
	3,402,452

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

31 December 2015

Financial liabilities

	Carrying amount *RMB'000*	**Fair value** *RMB'000*
Financial lease payables	**2,505**	**2,880**
Interest-bearing bank and other borrowings	**400,000**	**400,000**
	402,505	**402,880**

31 December 2014

Financial liabilities

	Carrying amount *RMB'000*	Fair value *RMB'000*
Financial lease payables	42,718	43,076
Interest-bearing bank and other borrowings	1,577,509	1,581,605
	1,620,227	1,624,681

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade and bills payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from related companies, an amount due from a non-controlling equity holder, and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that except for the interest-bearing bank loans with fixed interest rate and the finance lease payables, the fair values of interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the fact that these borrowings are made between the Group and independent third-party financial institutions or related companies based on prevailing market interest rates.

The fair values of the interest-bearing bank loans with fixed interest rate and the finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables as at 31 December 2015 was assessed to be insignificant.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the board of directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors once a year for annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) ***RMB'000***	**Significant observable inputs (Level 2)** ***RMB'000***	**Significant unobservable inputs (Level 3)** ***RMB'000***	**Total** ***RMB'000***
Finance lease payables	**–**	**2,880**	**–**	**2,880**
Interest-bearing bank and other borrowings	**–**	**400,000**	**–**	**400,000**
	–	**402,880**	**–**	**402,880**

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Finance lease payables	–	43,076	–	43,076
Interest-bearing bank and other borrowings	–	1,581,605	–	1,581,605
	–	1,624,681	–	1,624,681

During the years ended 31 December 2015 and 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, an amount due from the ultimate holding company, amounts due from/to related companies, an amount due from a non-controlling equity holder, available-for-sale investments, pledged deposits and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade and bills payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings set out in note 29. The Group has not used any interest rate swaps to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity, other than retained earnings.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
For the year ended 31 December 2015	**100**	**(19,635)**
	(100)	**19,635**
For the year ended 31 December 2014	100	(11,499)
	(100)	11,499

Foreign currency risk

The Group's businesses are located in Mainland China and nearly all transactions are conducted in RMB, except for capital injections from shareholders. All of the Group's assets and liabilities are denominated in RMB, except for those owned by the Company and certain subsidiaries which are denominated in USD and HKD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and HKD exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in USD/HKD rate %	Increase/ (decrease) in profit before (or after) tax *RMB'000*
2015		
If the RMB weakens against the USD	**10**	**(6,665)**
If the RMB strengthens against the USD	**(10)**	**6,665**
If the RMB weakens against the HKD	**10**	**882**
If the RMB strengthens against the HKD	**(10)**	**(882)**
2014		
If the RMB weakens against the USD	10	(144,637)
If the RMB strengthens against the USD	(10)	144,637
If the RMB weakens against the HKD	10	(43,565)
If the RMB strengthens against the HKD	(10)	43,565

Credit risk

There are no significant concentrations of credit risk within the Group. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, trade receivables, deposits and other receivables, an amount due from a non-controlling equity holder, amounts due from related companies arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and other borrowings. Cash flows are closely monitored on an ongoing basis.

NOTES TO FINANCIAL STATEMENTS
Year ended 31 December 2015

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of reporting period, based on the contractual undiscounted payments, was as follows:

	31 December 2015					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Finance lease payables	–	4,278	12,833	2,014	–	19,125
Interest-bearing bank borrowings	–	127,592	789,825	1,579,760	226,416	2,723,593
Trade and bills payables	250,264	–	–	–	–	250,264
Other payables and accruals	294,186	–	–	–	–	294,186
Due to related companies	3,853	–	–	–	–	3,853
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties	69,381	–	–	–	–	69,381
	617,684	131,870	802,658	1,581,774	226,416	3,360,402

	31 December 2014					
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Finance lease payables	–	21,297	63,890	19,125	–	104,312
Interest-bearing bank borrowings	–	616,517	802,613	1,423,516	285,200	3,127,846
Trade and bills payables	345,958	–	–	–	–	345,958
Other payables and accruals	281,323	–	–	–	–	281,323
Due to related companies	5,035	–	–	–	–	5,035
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties	51,788	–	–	–	–	51,788
	684,104	637,814	866,503	1,442,641	285,200	3,916,262

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a net debt to total equity ratio. Net debt includes interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Interest-bearing bank and other borrowings	**2,366,015**	2,770,136
Due to the related companies	**3,853**	5,035
Less: Due from related companies	**(3,752)**	(1,802)
Less: Due from a non-controlling equity holder	**(20,000)**	–
Less: Pledged bank balances*	**–**	(480,000)
Less: Cash and cash equivalents	**(970,467)**	(1,551,446)
Net debt	**1,375,649**	741,923
Total equity	**3,995,181**	3,728,002
Net debt to total equity ratio	**34%**	20%

* The pledged bank balances were pledged to secure interest-bearing bank and other borrowings granted to the Group at 31 December 2014.

44. SUBSEQUENT EVENTS

Haichang Group Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company, entered into a share purchase agreement with Orix Asia Capital Co., Ltd (歐力士亞洲資本有限公司) ("Orix Asia"), a related company of a beneficial equity holder of the Company, on 26 January 2016, pursuant to which Orix Asia proposed to purchase 200,000,000 shares in the Company from Haichang Group Limited at a price of RMB1.5 (equivalent to HK$1.8) per share.

In March 2016, payment of RMB158,160,000 was made by the Group for the remaining portion of prepaid land lease payment for a parcel of land in Hainan Province, Mainland China.

Subsequent to the balance sheet date, the Group obtained aggregate bank loans of RMB800,000,000 which bear interest at prevailing floating rates, repayable in one year to fifteen years and are secured by the Group's properties.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
NON-CURRENT ASSET		
Investment in a subsidiary	**–**	–
CURRENT ASSETS		
Deposits and other receivables	**3,404**	13,660
Due from subsidiaries	**2,895,798**	2,895,625
Cash and cash equivalents	**5,753**	281,230
Total current assets	**2,904,955**	3,190,515
CURRENT LIABILITIES		
Other payables and accruals	**3,670**	4,985
Interest-bearing bank and other borrowings	**–**	441,179
Total current liabilities	**3,670**	446,164
NET CURRENT ASSETS	**2,901,285**	2,744,351
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,901,285**	2,744,351
EQUITY		
Share capital	**2,451**	2,451
Other reserves (note)	**2,898,834**	2,741,900
TOTAL EQUITY	**2,901,285**	2,744,351
NET ASSETS	**2,901,285**	2,744,351

Wang Xuguang
Director

Zhao Wenjing
Director

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium *RMB'000*	Capital reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2014	509,596	–	(18,211)	(22,091)	469,294
Loss for the year	–	–	–	(17,086)	(17,086)
Exchange difference on re-translation	–	–	(622)	–	(622)
Total comprehensive loss	–	–	(622)	(17,086)	(17,708)
Issue of shares	1,934,397	–	–	–	1,934,397
Capitalisation issue	(1,766)	–	–	–	(1,766)
Share issue expenses	(68,831)	–	–	–	(68,831)
Deemed contribution from shareholders	–	426,514	–	–	426,514
At 31 December 2014 and 1 January 2015	2,373,396	426,514	(18,833)	(39,177)	2,741,900
Loss for the year	–	–	–	(10,856)	(10,856)
Exchange difference on re-translation	–	–	167,578	–	167,578
Total comprehensive loss	2,373,396	426,514	148,745	(10,856)	2,898,622
Deemed contribution from shareholders	–	212	–	–	212
At 31 December 2015	2,373,396	426,726	148,745	(50,033)	2,898,834

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2016.

MAJOR PROPERTIES HELD BY THE GROUP

City-Phase (Usage)	Address	Status	Actual or Planned Construction Period	Total Actual or Planned GFA (underground GFA, if applicable)[1] (sq.m.)	Total GFA Sold Cumulatively (sq.m.)	Total Actual or Planned GFA Held for Sale (sq.m.)	Total Actual or Planned GFA Held for Investment (sq.m.)	Term of Land	Interest attributable to the Group
Qingdao (Commercial Street)	Qingdao Polar Ocean World, 60 Donghai East Road, Qingdao, Shandong Province, the PRC	Completed	01/2005 – 07/2006	38,345	20,888	Nil	17,457	40 years	100%
Chengdu – Phase 1 (Commercial Street)	Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Completed	09/2007 – 07/2011	51,366	18,971	4,292	28,103	40 years	100%
Chengdu – Phase 2 (Clubhouse)	The clubhouse of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Completed	03/2010 – 09/2011	34,198 (11,646)	13,432	Nil	20,766 (11,646)	40 years	100%
Chengdu – Phase 2 (Hotel and Office Complex)	The office building of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Completed	04/2013 – 05/2015	45,351 (11,477)	45,351 (11,477)	Nil	Nil	40 years	100%
Yantai (Commercial Street)	Yantai Fisherman's Wharf, Binhai Road, Yantai, Shandong Province, the PRC	Completed	04/2008 – 06/2012	42,107	31,035	Nil	11,072	40 years	100%
Wuhan – Phase 1 (Commercial Street)	Phase 1 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	Completed	08/2011 – 03/2013	43,518	Nil	Nil	43,518	40 years	100%
Wuhan – Phase 2 (Commercial Street)	Phase 2 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	For future development	07/2017 – 12/2019	97,384 (22,300)	N/A	N/A	N/A	40 years	100%
Wuhan – Phase 3 (Serviced Apartments)	Phase 3 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	For future development	07/2017 – 12/2019	153,158 (35,890)	N/A	N/A	N/A	40 years	100%
Tianjin – Block B (Commercial Street)	Block B, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Completed	06/2010 – 11/2013	33,151 (12,783)	1,586	Nil	23,252[2]	40 years	100%
Tianjin – Block D (Commercial Street)	Block D, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Completed	08/2010 – 11/2013	36,392 (10,148)	8,965	14,634	2,645	40 years	100%
Tianjin – Block E (Serviced Apartments)	Block E, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Completed	09/2010 – (03/2014 – 12/2015)[3]	59,006 (12,118)	15,862	9,832 (8,634)	29,828	40 years	100%

MAJOR PROPERTIES HELD BY THE GROUP

City-Phase (Usage)	Address	Status	Actual or Planned Construction Period	Total Actual or Planned GFA (underground GFA, if applicable)[1] (sq.m.)	Total GFA Sold Cumulatively (sq.m.)	Total Actual or Planned GFA Held for Sale (sq.m.)	Total Actual or Planned GFA Held for Investment (sq.m.)	Term of Land	Interest attributable to the Group
Tianjin – Block A (Serviced Apartments and Commercial Street)	Block A, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	For future development	11/2017 – 05/2020	120,749 (37,938)	N/A	N/A	N/A	40 years	100%
Dalian (Commercial Street)[4]	Dalian Tiger Beach Fisherman's Wharf, Dalian, Liaoning Province, the PRC	Completed	–	12,671 [4]	–	–	12,671 [4]	40 years	100%
Dalian (Haichang Xincheng)	Haichang Xincheng Commercial Space, 137 Huale Street, Zhongshan District, Dalian, Liaoning Province, the PRC	Completed	–	6,365	–	–	6,365	70 years	100%
Chongqing – Phase 1 (Commercial Street)	Chongqing Caribbean Water Park, Nan An District, Chongqing, the PRC	Completed	04/2008 – 12/2011	32,529	–	8,092	24,437	40 years	100%
Chongqing – Phase 2	Chongqing Caribbean Water Park, Nan An District, Chongqing, the PRC	For future development	11/2016 – 10/2018	54,095 (9,758)	N/A	N/A	N/A	40 years	100%

Notes:

1 Property ownership certificate for underground GFA is usually not available in accordance with the practice of PRC land administrative authorities.

2 This includes 4,470 sq.m. of underground GFA for which property ownership certificate will be available according to the relevant property survey conducted by the land administrative authorities.

3 The development of Block E is expected to be completed in two stages with different construction completion dates.

4 The ancillary commercial properties in Dalian, namely Dalian Fishermen's Wharf, were not developed by us and were acquired by us. As of 31 December 2014, the total GFA of the properties that had been acquired by us was 12,671 sq.m. Therefore, the information about its development is not relevant.